

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPLIANCE EXAMINATION**

**(In Accordance with the Single Audit Act
and OMB Circular A-133)**

FOR THE YEAR ENDED JUNE 30, 2007

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

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPLIANCE EXAMINATION**

(In Accordance With the Single Audit Act and OMB Circular A-133)

For the Year Ended June 30, 2007

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Financial Statement Report

The University's financial statement report for the year ended June 30, 2007, which includes the report of independent auditors, management's discussion and analysis, required supplementary information other than management's discussion and analysis, basic financial statements, supplementary information, and the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards* has been issued separately.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPLIANCE EXAMINATION**

(In Accordance With the Single Audit Act and OMB Circular A-133)

For the Year Ended June 30, 2007

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**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY**

AGENCY OFFICIALS

CHICAGO STATE UNIVERSITY

President	Dr. Elnora D. Daniel
Vice President Administration and Financial Affairs	Vacant (01/01/08 to current)
Vice President Administration and Financial Affairs	Mr. Alan D. Robertson, CPA (07/01/06 to 12/31/07)
Director of Accounting	Mr. Jamshaid Nasim
Director of Internal Audit	Mr. John C. Meehan

Agency offices are located at:

9501 South Martin Luther King Drive
Chicago, IL 60628

CHICAGO STATE UNIVERSITY

Office of THE VICE PRESIDENT OF
ADMINISTRATION AND FINANCIAL AFFAIRS

9501 S. King Drive / ADM 304
Chicago, Illinois 60628-1598
TEL 773.995.2042 • FAX 773.995.2976

April 25, 2008

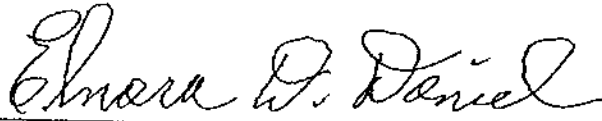
De Raimo Hillger & Ripp
Certified Public Accountants
655 N. La Grange Road, Suite 102
Frankfort, IL 60423-1347

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 Chicago State University. 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 Chicago State University's compliance with the following assertions during the one-year period ended June 30, 2007. Based on this evaluation, we assert that during the year ended June 30, 2007 Chicago State University has materially complied with the assertions below.

- A. Chicago State University 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. Chicago State University 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. Chicago State University 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 Chicago State University 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 Chicago State University 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,

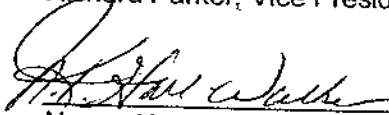


Elnora D. Daniel, President



INTERIM

Richard Parker, Vice President of Administration and Financial Affairs



Nancy K. Hall Walker, Vice President & General Counsel, Labor & Legal Affairs

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY**

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORTS

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>Compliance</u>	<u>Financial</u>	<u>Prior</u>
<u>Findings</u>	<u>Report</u>	<u>Report</u>	<u>Compliance</u>
Findings	14	3	12
Repeated findings	7	1	5
Prior recommendations implemented or not repeated	4	1	4

Details of *Federal* and *State Compliance* findings are presented in the separately tabbed report section of this report. Details of *Government Auditing Standards* findings are issues related to significant deficiencies and material weaknesses in internal control over financial reporting. Findings related to *Government Auditing Standards* have been issued separately with the Agency's Financial Statement Audit.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
<u>FINDINGS AND QUESTIONED COSTS (GOVERNMENT AUDITING STANDARDS)</u>		
07-1	41	Financial Statement Adjustments
07-2	43	Generally Accepted Accounting Principles (GAAP) Not Properly Applied to Voluntary Nonexchange Transactions
07-3	44	Uncollateralized Deposit Accounts and Untimely Bank Reconciliations
<u>PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</u>		
07-4	45	Inaccurate Reporting and Accounting of Accrued Compensated Absences
<u>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</u>		
07-5	14	Inadequate Documentation for Federal Program Expenditures
07-6	17	Grant Expenditures Not Properly Bid
07-7	19	Incorrect Reporting on Schedule of Expenditures of Federal Awards
07-8	21	Failure to Comply with Cash Management Requirements
<u>FINDINGS (STATE COMPLIANCE)</u>		
07-9	23	Inadequate Controls Over Contracting Procedures
07-10	26	Failure to File Contracts with the State Comptroller
07-11	27	Employee Travel and Use of University Credit Card

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY**

COMPLIANCE REPORT

SUMMARY (continued)

		<u>FINDINGS (STATE COMPLIANCE) – Continued</u>
07-12	29	Failure to Monitor Compliance with Unclaimed Property Act
07-13	30	Noncompliance with Travel Regulations
07-14	32	Untimely Reconciliation of Agency's Records to Comptroller's Monthly Reports
07-15	33	Time Sheets Not Maintained in Compliance with the State Officials and Employee Ethics Act
07-16	34	Noncompliance with Illinois Human Rights Act
07-17	35	Noncompliance with Chicago State University Law
07-18	36	Inadequate Controls Over Property and Equipment Records
		<u>PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)</u>
07-19	39	Overaward/Overpayment of Student Financial Aid
		<u>PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)</u>
07-20	39	Internal Controls Over Contracts
07-21	39	Failure to Include Taxable Fringe Benefits in Employee's Reported Income

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on April 9, 2008. Attending were:

Representing Chicago State University

President
Provost
Acting Vice President Administration and Financial Affairs
Associate Vice President Sponsored Programs
Director of Internal Audit
Assistant Director of Accounting
Interim Vice President of Budget, Facilities and Risk Management
Director of Information Technology
Director of Office of Student Financial Aid
Director of Purchasing
Grant Accountant
Attorney for Board of Trustees

Dr. Elnora Daniel
Ms. Sandra Westbrooks
Mr. Richard Parker
Mr. Kenneth Koroma
Mr. John C. Meehan
Ms. Louise Williams

Dr. Dean Justmann
Ms. Diane Conatser
Ms. Brenda Hooker
Mr. Nate Tindall
Mr. Norm Erazo
Mr. Mark Dunn

Representing De Raimo Hillger & Ripp

Partner
Manager

Ms. Ferne Hillger, CPA
Ms. Tiffany Damon

Representing the Office of the Auditor General

Audit Manager

Mr. Thomas L. Kizziah, CPA

Responses to the recommendations were provided by Mr. Richard Parker in a fax dated April 25, 2008.

DE RAIMO HILLGER & RIPP

Certified Public Accountants & Business Consultants

655 N. La Grange Road • Suite 102 • Frankfort, IL 60423-2912 • Telephone (815) 469-7500 • Facsimile: (815) 469-6970

JOHN J. DE RAIMO
FERNE M. HILLGER
ROBERT J. RIPP

**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

Compliance

As Special Assistant Auditors for the Auditor General, we have examined Chicago State University'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 year ended June 30, 2007. The management of Chicago State University is responsible for compliance with these requirements. Our responsibility is to express an opinion on Chicago State University's compliance based on our examination.

- A. Chicago State University 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. Chicago State University 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. Chicago State University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by Chicago State University 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 Chicago State University on behalf of the State or held in trust by Chicago State University have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination 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 Chicago State University'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 Chicago State University's compliance with specified requirements.

As described in finding 07-9 in the accompanying schedule of findings and questioned costs, Chicago State University did not comply with requirements regarding contracting procedures. Also as described in

finding 07-18 in the accompanying schedule of findings and questioned costs, Chicago State University did not comply with requirements regarding property and equipment. Compliance with such requirements is necessary, in our opinion, for Chicago State University to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, Chicago State University complied, in all material respects, with the requirements listed in the first paragraph of this report during the year ended June 30, 2007. However, the results of our procedures disclosed other instances of noncompliance, 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 and questioned costs as findings 07-10 through 07-17.

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

Internal Control

The management of Chicago State University 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 Chicago State University's internal control over compliance with the requirements listed in the first paragraph of this report in order to determine 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 Chicago State University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chicago State University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-9 through 07-18 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 07-9, 07-12, 07-14, and 07-18 to be material weaknesses.

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

Chicago State University's response to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine Chicago State University's response and, accordingly, we express no opinion on it.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of Chicago State University and its discretely presented component unit as of and for the year ended June 30, 2007, which collectively comprise the Chicago State University's basic financial statements, and have issued our report thereon dated March 21, 2008. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Chicago State University. The 2007 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2007 taken as a whole. Chicago State University's financial statements for the year ended June 30, 2006, were audited by other auditors whose report thereon dated December 18, 2006, expressed unqualified opinions on the respective financial statements of the business-type activities. Their report on the 2006 Supplementary Information for State Compliance purposes stated that, in their opinion, such information, except for that portion marked "unaudited", is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2006, taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, University management, the University Board of Trustees and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

De Raimo Hillger & Ripp

April 25, 2008

DE RAIMO HILLGER & RIPP

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of Chicago State University with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Chicago State University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Chicago State University's management. Our responsibility is to express an opinion on Chicago State University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chicago State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Chicago State University's compliance with those requirements.

As described in item 07-5 in the accompanying schedule of findings and questioned costs, Chicago State University did not comply with requirements regarding allowable costs / cost principles and equipment and real property management that are applicable to its Textbooks and Learning Materials program. Compliance with such requirements is necessary, in our opinion, for Chicago State University to comply with the requirements applicable to that program.

As described in item 07-6 in the accompanying schedule of findings and questioned costs, Chicago State University did not comply with requirements regarding bidding requirements that are applicable to its federal grant programs. Compliance with such requirements is necessary, in our opinion, for Chicago State University to comply with the requirements applicable to these programs.

As described in item 07-7 in the accompanying schedule of findings and questioned costs, Chicago State University did not comply with requirements regarding reporting for its Schedule of Expenditures of Federal Awards. Compliance with such requirements is necessary, in our opinion, for Chicago State University to comply with the requirements applicable to these programs.

As described in item 07-8 in the accompanying schedule of findings and questioned costs, Chicago

State University did not comply with requirements regarding cash management applicable to its federal grant programs. Compliance with such requirements is necessary, in our opinion, for Chicago State University to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the previous four paragraphs, Chicago State University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 07-5 through 07-8.

Internal Control Over Compliance

The management of Chicago State University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Chicago State University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of Chicago State University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-5 through 07-8 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 07-5 through 07-8 to be material weaknesses.

Chicago State University's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Chicago State University's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the business-type activities of Chicago State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2007, and have issued our report thereon dated March 21, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Chicago State University's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our

opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, University management, the University Board of Trustees and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

De Raimo Hillger & Ripp

April 25, 2008

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weakness(es)? yes none reported

Type of auditors' report issued on compliance for major programs: qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

yes no

Identification of major programs:

	<u>CFDA No.</u>
Student Financial Aid Cluster	
Federal Work Study Program	84.033
Federal Pell Grant Program	84.063
Federal Supplemental Educational Opportunity Grants	84.007
Federal Perkins Loan Program	84.038
Federal Family Education Loans	84.032
Federal Academic Competitiveness Grant	84.375
National Science and Mathematics Access to Retain Talent (SMART) Grant	84.376
Nursing Student Loans	93.364
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925
TRIO Cluster	
Student Support Services	84.042
Talent Search	84.044
Upward Bound	84.047
Educational Opportunity Centers	84.066
Research & Development Cluster	
Biomedical Research and Research Training	93.859
Mental Health Research Grants	93.242
Child Health and Human Development Extramural Research	93.865
Education and Human Resources	47.076
Biological Sciences	47.074
Mathematical & Physical Sciences	47.049
Basic Scientific Research	12.431
Development of Fuel Cells for Mobile Robotic Systems	12.XXX

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

I. SUMMARY OF AUDITORS' RESULTS (continued)

Identification of major programs (continued):

Head Start

CFDA No.
93.600

Textbook & Learning Materials Program

98.001

Dollar threshold used to distinguish between type A
and type B programs:

\$ 725,395

Auditee qualified as low-risk auditee?

 yes X no

II. FINANCIAL STATEMENTS FINDINGS

See Findings 07-1, 07-2 and 07-3

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Findings 07-5, 07-6, 07-7 and 07-8

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

Note: Audit finding numbers 07-1 through 07-3 are reported in the financial statement audit report. Further, reference number 07-4 is a prior audit finding appearing in the FY 06 report which has not been repeated in the FY 07 report. It is shown in the financial statement audit report under the heading of "Prior Audit Findings – Not Repeated".

CURRENT FINDINGS - FEDERAL

07-5 FINDING: INADEQUATE DOCUMENTATION FOR FEDERAL PROGRAM EXPENDITURES

Chicago State University (University) did not have supporting documentation and proper approvals for certain expenditures charged to Federal programs. Specifically, the University charged lodging and per diem rates in excess of rates allowed by State travel regulations. Further, certain equipment purchased with Federal funds had not been properly recorded in University property control records.

Federal Department: U.S. Department of Education

CFDA Numbers: 84.042, 84.044, 84.047, 84.066

Program Name: TRIO Cluster

Questioned Cost: Undetermined

During our review of 77 expenditures, we noted the following:

- Eleven of seventy-seven (14%) expenditures (\$48,966) were missing appropriate supporting documentation.
- Three of seventy-seven (4%) expenditures (\$2,250) for student awards/grants did not have the proper award forms attached. University policies do not allow for payments to students on direct payment vouchers.
- One of the seventy-seven (1%) expenditures in the amount of \$105 was in excess of the state allowed per diem reimbursement rate by \$7.
- One of the seventy-seven (1%) expenditures (\$689) was approved for payment after the check was issued.

Federal Department: National Institutes of Health, National Science Foundation, Department of Defense

CFDA Numbers: 93.859, 93.242, 93.865, 47.076, 47.074, 47.049, 12.XXX

Program Name: Research and Development Cluster

Questioned Cost: Undetermined

During our review of 67 expenditures, we noted the following:

- One of sixty-seven (1%) expenditures (\$1,100) was not properly approved prior to the travel being taken.
- One of sixty-seven (1%) expenditures (\$2,683) was missing the appropriate supporting documentation. The University was unable to locate the supporting documentation.
- One of sixty-seven (1%) expenditures (\$1,325) was for a computer which was not properly recorded or tracked in the University's property control records.
- One of sixty-seven (1%) expenditures (\$1,000) for student awards/grants did not have the proper award form attached.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS - FEDERAL

**07-5 FINDING: INADEQUATE DOCUMENTATION FOR FEDERAL PROGRAM EXPENDITURES
(Continued)**

**Federal Department: U.S. Agency for International Development (USAID)
CFDA Number: 98.001
Program Name: Textbook and Learning Materials
Questioned Cost: \$13,702**

During our review of 41 expenditures, we noted the following:

- One of forty-one (2%) expenditures (\$29,598) included \$13,702 of promotional items that were incorrectly charged to the program.
- Three of forty-one (7%) expenditures (\$366,943) for furniture and equipment were not properly recorded or tracked in the University's property control records.
- Four of forty-one (10%) expenditures (\$16,473) were missing the appropriate supporting documentation.
- One of forty-one (2%) expenditures (\$10,988) was not properly approved prior to travel being taken.

OMB Circular A-110 Section 53(b) requires financial records, supporting documentation, statistical records, and other records pertinent to an award to be retained for a period of three years from the date of submission of the final expenditure report or, for awards, that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Federal awarding agency.

OMB Circular A-110 Section 34(f) states that equipment records shall be maintained accurately and shall include the following information:

- A description of the equipment
- Identification number
- Source of equipment and award number
- Whether title vests in the recipient or the Federal government
- Acquisition date and cost
- Information in which Federal participation in the cost of the equipment
- Location and condition of the equipment and the date the information was reported
- Unit acquisition cost
- Ultimate disposition data, including the date of disposal and sales price or method used to determine current fair market value

OMB Circular A-21 Section J, Part 53, states that lodging costs must be reasonable and are allowable only to the extent such costs do not exceed charges normally allowed by the institution in its written travel policy.

University management stated that these exceptions were due to significant staff turnover in the grants fiscal department and new employees' attempts to surmount the usual learning curve.

Failure to maintain adequate documentation of the expenditure of Federal funds results in a lack of proper accountability, a possible refunding of Federal funds, and may jeopardize future Federal funding. (Finding Code Nos. 07-5, 06-3, 05-1, 04-01, 03-1)

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS - FEDERAL

**07-5 FINDING: INADEQUATE DOCUMENTATION FOR FEDERAL PROGRAM EXPENDITURES
(Continued)**

RECOMMENDATION

We recommend that the University improve control procedures to ensure that payments are only made once a proper invoice with appropriate documentation and approval is received, to maintain a filing system that allows them to locate supporting documentation (including documentation of the necessity for any non-standard travel costs) for all invoices paid, and to ensure proper tracking and accounting of property expenditures.

UNIVERSITY RESPONSE

The University accepts the recommendation. The University will develop policies and procedures to ensure that payments are made only when a proper invoice and appropriate documentation and approval is received. Also, the University will maintain a filing system that facilitates locating supporting documentation for all invoices paid.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS - FEDERAL

07-6 FINDING: GRANT EXPENDITURES NOT PROPERLY BID

Chicago State University's procurement policies have requirements for competitive bidding, however no evidence of competitive bidding was noted during testing of Federal transactions.

Federal Department: U.S. Department of Health and Human Services

CFDA Number: 93.600

Program Name: Head Start

Questioned Cost: Undetermined

Of the 52 expenditures tested totaling \$1,574,760, it was noted that 7 (13%) expenditures (\$1,519,500) were over the small purchase threshold of 41 U.S.C. 403(11) as referred to in OMB Circular A-110 Section 44 (e)(2) (\$25,000) and contained no evidence of bidding.

Federal Department: U.S. Department of Education

CFDA Number: 84.042, 84.044, 84.047, 84.066

Program Name: TRIO Cluster

Questioned Cost: Undetermined

Of the 77 expenditures tested totaling \$263,820, it was noted that 2 (3%) expenditures (\$58,359) were over the small purchase threshold of 41 U.S.C. 403(11) as referred to in OMB Circular A-110 Section 44 (\$25,000) and contained no evidence of bidding.

Federal Department: National Institutes of Health, National Science Foundation, Department of Defense

CFDA Number: 93.859, 93.242, 93.865, 47.076, 47.049, 12.431, 12.XXX

Program Name: Research and Development Cluster

Questioned Cost: Undetermined

Of the 67 expenditures tested totaling \$1,742,176, it was noted that 11 (16%) expenditures (\$1,596,637) were over the small purchase threshold of 41 U.S.C. 403(11) as referred to in OMB Circular A-110 Section 44 (\$25,000) and contained no evidence of bidding.

Federal Department: U.S. Agency for International Development (USAID)

CFDA Number: 98.001

Program Name: Textbook and Learning Materials

Questioned Cost: Undetermined

Of the 41 expenditures tested totaling \$1,513,680, it was noted that 17 (41%) expenditures (\$1,309,692) were over the small purchase threshold of 41 U.S.C. 403(11) as referred to in OMB Circular A-110 Section 44 (\$25,000) and contained no evidence of bidding.

OMB Circular A-110 Section 43 requires that all procurement transactions be conducted in a manner to provide open and free competition.

The University's procurement policies state that price quotes will be obtained on purchases over \$1,000 and bidding is required for purchases over \$20,000.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
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CURRENT FINDINGS - FEDERAL

07-6 FINDING: GRANT EXPENDITURES NOT PROPERLY BID (Continued)

University management stated that these exceptions were due to significant staff turnover in the grants department and to a misunderstanding that the procurement policies do not apply to purchases made with grant funds.

Failure to follow procurement procedures may jeopardize future Federal funding. (Finding Code No. 07-6)

RECOMMENDATION

We recommend that the University improve its policies and procedures to ensure that purchases made with grant funds are competitively bid.

UNIVERSITY RESPONSE

We agree with the recommendation that existing University policies and procedures require competitive bidding including bids related to grant funds. The University will provide training for fiscal officers and program directors to refresh their understanding of University bidding requirements, especially as those policies relate to grants.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – FEDERAL

07-7 FINDING: INCORRECT REPORTING ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Chicago State University (University) did not provide the auditors with a complete and accurate Schedule of Expenditures of Federal Awards.

Federal Department: Department of Defense

CFDA Number: 12.XXX

Program Name: Development of Fuel Cells for Mobile Robotic Systems

Questioned Cost: None

During testing, it was noted that the Development of Fuel Cells for Mobile Robotic Systems Program was not originally included on the Schedule of Expenditures of Federal Awards. Expenditures for this program totaled \$2,010,532 for the year ended June 30, 2007. The University subsequently corrected the error as a result of our inquiry.

The contract between the University and Department of Defense states that the provisions of OMB Circular A-133 apply. Based on the definitions provided in OMB Circular A-133, the University is a recipient, and therefore the related expenditures should be included on the Schedule of Expenditures of Federal Awards.

Federal Department: U.S. Department of Education

CFDA Number: 84.376

Program Name: National Science and Mathematics Access to Retain Talent (SMART) Grant

Questioned Cost: None

During testing, it was also noted that the National Science and Mathematics Access to Retain Talent (SMART) Grant was not included on the Schedule of Expenditures of Federal Awards. Expenditures for this program totaled \$60,000 for the year ended June 30, 2007. The University subsequently corrected the error as a result of our inquiry.

OMB Circular A-133 Section 310(b) requires the auditee to prepare a schedule of expenditures of Federal awards that provides total Federal awards expended for each individual Federal program.

University officials stated this was an oversight.

Failure to comply with the terms of the grant agreements may jeopardize future Federal funding and could result in errors on the Schedule of Expenditures of Federal Awards. (Finding Code No. 07-7)

RECOMMENDATION

We recommend that the University establish policies and procedures to ensure compliance with the terms of their grant agreements. We further recommend that the University properly report their expenditures on the Schedule of Expenditures of Federal Awards.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – FEDERAL

07-7 FINDING: INCORRECT REPORTING ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University will establish procedures for the accounting department to review the Schedule of Expenditures of Federal Awards for the understatement of grants at the end of the fiscal year. This procedure will provide for an independent assessment for the completeness of the schedule of expenditures.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – FEDERAL

07-8 FINDING: FAILURE TO COMPLY WITH CASH MANAGEMENT REQUIREMENTS

Chicago State University (University) failed to comply with cash management requirements.

**Federal Department: U.S. Agency for International Development
CFDA Number: 98.001
Program Name: Textbook and Learning Materials
Questioned Cost: None**

The University purchased equipment for this program and then subsequently determined that competitive procurement regulations were not followed and that the equipment could have been purchased for a lesser amount. As a result of a review of other vendor quotes, University officials determined that the acquisition cost exceeded the quoted cost by \$76,894. The University had drawn-down the funds at the time of the purchase and then subsequently adjusted its Federal drawdown to reduce the equipment expenditures of the program. However, this resulted in the University drawing down Federal funds in excess of a reasonable amount had the University competitively procured the purchase.

OMB Circular A-110 Section 22(a) states that the payment methods shall minimize the time elapsing between the transfer of funds from the U.S. Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. OMB Circular A-110 Section 22(b) states the cash advances to a recipient shall be limited to the minimum amounts needed and be timed in accordance with actual, immediate cash requirements of the program.

**Federal Department: U.S. Department of Education
CFDA Number: 84.375
Program Name: Federal Academic Competitiveness Grant
Questioned Cost: None**

The University had expenditures of \$43,300 under the Federal Academic Competitiveness Grant (ACG)(CFDA #84.375) for the year ended June 30, 2007. However, the University had cash drawdowns of \$82,950 under this program for the year ended June 30, 2007. The drawdowns exceeded expenditures as the University erroneously requested reimbursement for monies, in the amount of \$39,650, spent under the National Science and Mathematics Access to Retain Talent (SMART) Grant (CFDA Number 84.376) through the Federal drawdown process for the ACG program.

OMB Circular A-110 Section 22(a) states that the payment methods shall minimize the time elapsing between the transfer of funds from the U.S. Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. OMB Circular A-110 Section 22(b) states the cash advances to a recipient shall be limited to the minimum amounts needed and be timed in accordance with actual, immediate cash requirements of the program.

University officials stated that the drawdowns were made based on expenditure totals as of the drawdown date. Any subsequent adjustments to the grant expenditures are automatically adjusted on the next drawdown. For the exception noted, the expenditure amounts for these programs at the time of the drawdown were supported by actual expenditure postings but were subsequently refunded or adjusted. There was no intent in violating cash management requirements.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – FEDERAL

07-8 FINDING: FAILURE TO COMPLY WITH CASH MANAGEMENT REQUIREMENTS (Continued)

Failure to comply with cash management requirements may jeopardize future Federal funding. (Finding Code No. 07-8)

RECOMMENDATION

We recommend that the University establish policies and procedures to ensure that cash management requirements are met.

UNIVERSITY RESPONSE

The University accepts the recommendation. The University will establish an internal review process for grant billings in an effort to uncover any errors in the grant billing process.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-9 FINDING: INADEQUATE CONTROLS OVER CONTRACTING PROCEDURES

Chicago State University's (University) did not have adequate controls over contracting procedures.

During our examination of 26 contracts, we noted the following:

- Five contract files for goods and services that exceeded professional and artistic procurement maximums (\$20,000) and small purchase maximums (\$30,500) did not contain evidence of attempts to requests competitive bids. These contracts totaled \$679,927. One of these contracts for \$251,000 was with an employee of the University, who failed to disclose any conflict of interest.
- Eighteen contracts tested, totaling \$2,043,222, were dated and signed by a University official and the vendors. However, the date of the signatures was after the date of the commencement of services per the contract. The total amount of services provided prior to the approval date was not determinable.
- Signatures of the contractor on three of the contracts were not accompanied by the printed name, title and date. On one contract the University official's signature was not accompanied by the printed name and title.
- The contractor's signature on one contract was not dated.
- Two of the contracts on file at the University did not contain vendor signatures. These contracts were for services totaling \$275,163.
- One contract for legal services totaling \$25,000 should have been competitively bid, however, the University could not provide evidence that this occurred.
- Four contracts, each exceeding \$250,000 for goods and services, were not approved by the University Board of Trustees.
- One contract was not signed by the University's' legal counsel and two were signed by the University's legal counsel after the commencement date on the contract.
- One University employee was paid \$12,000 on a consulting contract after he had become a full time faculty member.
- Financial Interest and potential Conflicts of Interest Disclosures were not noted in any of the contract files for twenty four of the twenty-five contracts tested exceeding \$10,000.

The Statewide Accounting Management System (SAMS) procedure 15.10.40 states that contracts that will exceed \$10,000, \$5,000 for professional and artistic contracts, to any single vendor must be reduced to writing. Good business practices would require that contracts be fully executed prior to commencement and signed and dated by both parties.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-9 FINDING: INADEQUATE CONTROLS OVER CONTRACTING PROCEDURES (Continued)

The University's Accounting and Finance Policies and Procedures Manual refers employees to the Illinois Procurement Code and the requirements for electronically publishing certain professional and artistic services and purchases on the Higher Education Bulletin.

In addition, the Illinois Procurement Code (30 ILCS 500/50-35) states that all offers from responsive bidders or offerors with an annual value of more than \$10,000 shall be accompanied by a disclosure of the financial interests of the contractor, bidder, or proposer. The financial disclosure of each successful bidder or offeror shall become part of the publicly available contract or procurement file maintained by the appropriate chief procurement officer. Disclosure of the responsive offerors should disclose relationships such as State employment, currently or in the previous 3 years.

The standard contract form used by the University for its contracts contains a clause that states "Vendor agrees to comply with the provisions of the Illinois Procurement Code prohibiting conflict of interest (Public Act 90-572, Article 50, Section 50-13) and all terms, conditions and provisions of those sections apply to this Contract and are made a part of this Contract the same as if they were incorporated and included herein.

The University's Accounting and Finance Policies and Procedures Manual requires that professional service contracts that exceed \$100,000 and purchases of \$250,000 or more shall require approval from the Board of Trustees.

Good business practices would ensure all contracts for professional services are monitored to ensure requirements are met and tasks are accomplished prior to payment for services.

University officials stated that these exceptions were caused by lack of staff and numerous staff turnover and new employees' attempts to surmount the usual learning curve. Thus, review of compliance with contracting rules was not adequately and timely performed. The University adopted a comprehensive approval bidding and requirement policy in 2006. Some departments believed that the policy did not apply to grant funds, and hence, exceptions to the policy were made.

Failure to abide by appropriate contracting procedures may cause the University to make payments that are not authorized, and results in noncompliance with SAMS. (Finding Code No. 07-9,06-12)

RECOMMENDATION

We recommend that the University establish internal controls to ensure compliance with the Illinois procurement Code, SAMS Manual, university policies and procedures, and to ensure that contracts are fully executed prior to commencement.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-9 FINDING: INADEQUATE CONTROLS OVER CONTRACTING PROCEDURES (Continued)

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University adopted a comprehensive policy in 2006, which stipulates the approval and bidding requirements on contracts. The Bidding requirements in the policy are consistent with the Illinois procurement code and require that contracts be signed prior to the commencement of services. The University now has annual training for all fiscal officers to review and explain the University's procurement policies and to reinforce the universal application of the policy to all areas of University's operations. Additionally, during the year memos are sent to the fiscal officers reminding them of the requirements of the policy.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-10 FINDING: FAILURE TO FILE CONTRACTS WITH THE STATE COMPTROLLER

Chicago State University (University) contracts were filed late or not on file with the Office of the State Comptroller.

Our testing of 25 contractual agreements included 7 contracts which were not on file with the State Comptroller's Office, 12 that were not filed within 15 days of execution, and 2 thought to be filed by the University but could not be confirmed by the State Comptroller's Office.

The Illinois Procurement Code (30 ILCS 500/20-80(b)) and SAMS procedure 15.10.40 require State agencies to file contracts exceeding \$10,000, \$5,000 for professional and artistic contracts, with the State Comptroller within 15 days of execution. In addition, SAMS procedure 15.20.10 states, "File Only contracts, including contracts paid entirely from locally held funds, do not require obligation and are not entered into the SAMS system. They must, however, be filed with the Illinois Office of the Comptroller and must meet all IOC documentation and certification requirements."

University officials stated that these were isolated incidents.

Failure to file contracts with the Illinois Office of the Comptroller is a violation of State statutes and regulations. (Finding Code No. 07-10, 06-11, 05-5)

RECOMMENDATION

We recommend the University implement procedures to ensure all contracts over \$10,000, \$5,000 for professional and artistic contracts, are filed with the Office of the State Comptroller in accordance with State statutes and guidelines.

UNIVERSITY RESPONSE

The University agrees with the recommendation. In February of 2007, the University installed tracking software in the Procurement Office to track all contracts. Using this software, the University sends all contracts over \$5,000 to the Office of the State Comptroller.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-11 FINDING: EMPLOYEE TRAVEL AND USE OF UNIVERSITY CREDIT CARD

Chicago State University (University) is subject to the travel policies issued by the Illinois Higher Education Travel Control Board (Board) and Department of Central Management Services Property Control Rules; however, we noted several instances where the University was not following these policies. We also noted numerous charges to the University credit card that were not supported by appropriate receipts and documentation.

During our testing of University credit card expenditures and employee travel documents we found the following items:

While testing charges to the University's credit card we noted:

- Five charges for meals and entertainment expenses totaling \$1,095 were paid without documentation supporting the specific business purpose.
- A number of restaurant charges totaling \$538 were not supported by a receipt nor documentation identifying any specific business purpose for the expenditures. In addition, four airline ticket charges, totaling \$1,489, were not documented by receipts or specific business purpose.
- Several expenditures paid were charged to the wrong expense line. One for \$140 was charged to travel and should have been contractual. One for \$450 was charged to travel and should have been expensed as dues. One for \$425 coded to travel should have been expensed for dues.
- Six charges for gasoline, hotel and entertainment expenditures were paid by the University and should have been expenses reimbursed by the Chicago State University Foundation. The total of these expenditures were \$778.
- A direct payment voucher in the amount of \$34 was also paid on a credit card. Therefore, the University paid twice for the same meal.
- Four charges on the credit card totaling \$207, for purchases for the President's residence, were not documented by receipts and therefore the items purchased could not be determined.

After bringing these matters to the University's attention, the University provided some of the meeting purposes and itineraries, however, this documentation was not presented with the charge card expenses submitted for payment by the University.

The State Records Act (5 ILCS 160/3) states that records of the obligation, receipt and use of public funds are public records and shall be kept at the official place of business of State and shall be available for public inspection. Prudent business practices require supporting documentation for all expenditures be retained.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-11 FINDING: EMPLOYEE TRAVEL AND USE OF UNIVERSITY CREDIT CARD (Continued)

Illinois Travel Regulation Council travel rules (80 Ill Admin Code Section 3000.600(b)) state that late checkout and room guarantee charges are not reimbursable expenses. The Illinois Higher Education Travel Control Board regulations (80 Ill Admin Code Section 2900.40(c) state that entertainment is an example of a nonreimbursable expense. Good business practice would require that invoices only be paid once an actual receipt is received and not paid off a credit card statement.

SAMS Procedure 11.50.30 defines each of the States expenditure line item codes. The contractual services line includes payments made directly to vendors on behalf of non-State employees for costs incurred incident to travel or other incidental expenses in connection with Official State business. In addition, association dues are included in the contractual expenditure line item.

University officials stated that these exceptions were due to staff turnover and oversight. These exceptions also occurred prior to implementation of improved processing documentation procedures.

Failure to comply with the Act is a violation of State statutes and may cause the University to incur duplicate expenses, unallowable expenditures, or result in payments in excess of the maximum allowed. (Finding Code No. 07-11, 06-5)

RECOMMENDATION

We recommend that the University implement procedures to ensure compliance with the Act and require all employees to adhere to regulations established by the Higher Education Travel Control Board and Travel Regulation Council. We further recommend that the University recoup the overpayments.

UNIVERSITY RESPONSE

The University accepts the recommendation. The University will instigate a second review process for credit card expenditures to monitor the completeness of documentation for the expenditures.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-12 FINDING: FAILURE TO MONITOR COMPLIANCE WITH UNCLAIMED PROPERTY ACT

Chicago State University (University) did not have procedures in place to periodically monitor unclaimed monies to determine proper and timely disposition of the funds in compliance with the Act.

During our audit we noted that the University had three accounts included in the accounts payable balance that solely contained stale checks. There was no evidence that checks in these accounts had been periodically reviewed to determine their status or proper disposition. Some of these checks were issued over ten years ago.

The Uniform Disposition of Unclaimed Property Act (765 ILCS 1025/11(a)) states that every person holding funds or other property, tangible or intangible, presumed abandoned under this Act shall report and remit all abandoned property specified in the report to the State Treasurer with respect to the property as hereinafter provided. According to the Act (765 ILCS 1025/8.1(a)), all tangible personal property or intangible personal property and all debts owed or entrusted funds or other property held by any federal, state or local government or governmental subdivision, agency, entity, officer or appointee thereof, shall be presumed abandoned if the property has remained unclaimed for 7 years.

University management stated that due to a lack of personnel in the finance department, efforts to determine the status of all stale checks and comply with this Act were not possible.

Failure to review unclaimed monies could result in noncompliance with the Act. (Finding Code No. 07-12)

RECOMMENDATION

We recommend that the University establish appropriate procedures for stale checks. We further recommend that the University comply with the requirements of the Act.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University has created a task force to review outstanding stale checks and determine their proper disposition. The University will develop procedures to review stale checks on an annual basis to ensure its compliance with the Uniform Disposition of Unclaimed Property Act.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-13 FINDING: NONCOMPLIANCE WITH TRAVEL REGULATIONS

Chicago State University's (University) employees submitted travel reimbursements requests for travel claims that were not in accordance with the Illinois Travel Regulation Council's travel rules or University policy and procedures.

Our examination of 25 travel reimbursements/invoices noted the following exceptions:

- Two requests for reimbursement did not contain supporting documentation or receipts for expenses paid totaling \$797.
- Two invoices included payments totaling \$69 for insurance fees for car rentals.
- Three invoices/reimbursement requests included lodging rates in excess of those allowed by the Travel Control Board resulting in \$199 of charges over the allowed rate. None of these exceptions were presented to the Travel Control Board for approval of the exception.
- One invoice/reimbursement for out of state travel totaling \$458 was approved by the University President twelve days after the travel began.
- One invoice/reimbursement for automobile mileage was calculated using the incorrect reimbursement rate. This resulted in an underpayment to the employee of \$20.
- Three travel invoices/reimbursements requests were approved for payment greater than 30 days after traveler's request. These requests totaling \$1,767 were approved between 35 and 58 days after receipt.
- The University overpaid a vendor for lodging expenses by \$770. The invoice amount was \$7,204 but the vendor was paid \$7,974.
- One invoice/reimbursement for travel expenditures was signed but not dated by the traveler. This reimbursement was for \$458.
- One invoice/reimbursement included 4 months of travel expenditures in the detail. The amount of this request totaled \$152.
- One invoice/reimbursement of \$1,038 for a charge card payment of lodging and meal expenses was caused by the traveler encountering a delay. The cause of the delay resulting in the additional expenses was not reasonable and could have been foreseen by the traveler.

The University policy for travel reimbursements states that all travel must be approved in advance on a Travel Authorization Form and that the purpose of the policy is to allow Chicago State University employees to be reimbursed for university travel in accordance with the Higher Education Travel Reimbursement Guidelines. It states that the allowable costs of lodging shall not exceed the maximum accommodation rates as specified by the travel regulations. University policy also states that all requests for reimbursement must be explained in full, itemized in detail, and supported by receipts where appropriate.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-13 FINDING: NONCOMPLIANCE WITH TRAVEL REGULATIONS (Continued)

University policy states that requests for travel outside the 48 states of the continental United States must be presented 30 days prior to the beginning of the trip and must be approved by the President.

The State Records Act (5 ILCS 160/3) states that records of the obligation, receipt and use of public funds are public records and shall be kept at the official place of business of State and shall be available for public inspection. Prudent business practices require supporting documentation for all expenditures to be retained.

The Illinois Travel Regulation Council's travel rules (80 Ill Admin. Code Section 3000.300) states that collision damage waiver and personal accident insurance on rented vehicles are not reimbursable.

The Illinois Travel Regulation Council's travel rules (80 Ill Admin. Code Section 3000.400) specify the lodging allowance that are the maximum rates allowed by the Travel Control Boards.

University officials stated that they believe the conditions cited result from a combination of timing, availability and urgent circumstances that were identified when the expenditures were incurred. The exceptions also occurred before the University established new control procedures in fiscal year 2007.

Failure to properly adhere to the travel regulations may result in the University making an inappropriate payment of State funds. (Finding Code Nos. 07-13, 06-8, 05-8)

RECOMMENDATION

We recommend the University establish appropriate procedures and internal controls to ensure travel expenditures are proper and comply with the established regulations and policies. We further recommend the University recoup certain payments as appropriate.

UNIVERSITY RESPONSE

The University accepts the recommendation. The University will develop additional procedures to ensure that travel expenditures are proper and comply with the established regulations and policies. The University will take action to collect the amount over paid to the vendor for lodging expenses.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-14 FINDING: UNTIMELY RECONCILIATION OF AGENCY'S RECORDS TO THE COMPTROLLER'S MONTHLY REPORTS

Chicago State University (University) did not perform timely reconciliations of University's records to the Office of the State Comptroller records. We noted the following reconciliations were not performed timely:

- Reconciliations between the University's expenditures and the Office of the State Comptroller's Monthly Appropriation Status Report for the first five (42%) months of the fiscal year were not performed until December of 2006. And the reconciliations for two (16%) of the remaining seven months were each performed one month late.

Statewide Accounting Management Systems (SAMS) (Procedure 11.40.20) requires agencies to reconcile their expenditures monthly and in a timely manner. Periodic reconciliations would allow the University to notify the Comptroller's Office of any irreconcilable differences and then any corrective action could be taken in a timely manner.

University management stated that the delay was caused due to lack of staff and numerous staff turnover in the finance department that caused backlog in many functions and new employees' attempts to surmount the usual learning curve.

Timely performance of monthly reconciliations to Comptroller records is important to detect and correct any errors and ensure accurate financial reporting. (Finding Code No. 07-14)

RECOMMENDATION

We recommend the University comply with SAMS and perform monthly reconciliations in a timely manner.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University will take the necessary steps to hire additional staff, which will facilitate the timely performance of reconciliations.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-15 FINDING: TIME SHEETS NOT MAINTAINED IN COMPLIANCE WITH THE STATE OFFICIALS AND EMPLOYEE ETHICS ACT

Chicago State University (University) did not require all employees to submit time sheets as required by the State Officials and Employees Ethics Act (Act).

The Act required the Illinois Board of Higher Education (IBHE), with respect to State employees of public universities, to adopt and implement personnel policies. The Act (5 ILCS 430/5-5(c)) states, "The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour." The IBHE adopted personnel policies for public universities on February 3, 2004 in accordance with the Act.

University procedures do not require time reporting documenting time spent each day on official State business to the nearest quarter hour to be submitted for faculty, administrative and professional, department chair, exempt civil service, and graduate assistants. The employees required to document time to the nearest quarter hour were non-exempt civil service, student aide, work-study, temporary help, and hourly professionals.

University officials stated that all State Universities have mandated faculty to report time consistently. The President's council and the individual Universities will continue to discuss and explore faculty time reporting.

By not requiring positive time reporting from its employees, the University is not in compliance with this Act. (Finding Code Nos. 07-15, 06-7, and 05-6)

RECOMMENDATION

We recommend that the University amend its policies to require all employees to submit time reports in compliance with the Act.

UNIVERSITY RESPONSE

We agree with the recommendation. The University will continue to explore ways to adhere to the Ethics Act. Consideration is being given to the implementation of an automated time-keeping system, which should help the University comply with the Act.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-16 FINDING: NONCOMPLIANCE WITH ILLINOIS HUMAN RIGHTS ACT

Chicago State University (University) did not comply with the Illinois Human Rights Act by ensuring employees are aware of the complaint process available through the Illinois Department of Human Rights and that all employees receive training on sexual harassment.

The Illinois Human Rights Act (775 ILCS 5/2-105) states that every State agency shall “establish, maintain and carry out a continuing sexual harassment program that shall include the following: (a) develop a written sexual harassment policy that includes at a minimum the following information.....(v) the legal recourse, investigative and complaint process available through the Department and Commission; (vi) directions on how to contact the Department and Commission; and (vii) protection against retaliation as provided by Section 6-101 of this Act.” In addition the Act states that the sexual harassment program shall “(c) provide training on sexual harassment prevention and the agency’s sexual harassment policy as a component of all ongoing or new employee training programs.”

The University provides all new employees a copy of its sexual harassment policy and this policy is published on the University website. We reviewed this policy and determined that it did not contain information on the complaint process available through the Department or Commission, how to contact the Department, or protection against any retaliation.

In addition, we requested verification of sexual harassment training provided to University employees during the period and University officials stated that they were not able to provide such verification.

University management stated that these exceptions were due to oversight and staff turnover in the Human Resources area. The University has subsequently updated its website to include information on the complaint process available through the Department or Commission and protection against retaliation.

The failure to incorporate required points of contact in the University’s sexual harassment policy could limit the recourse employees may have for reporting sexual harassment. In addition, failure to present ongoing training could lead to employees not being aware of their rights under this Act. (Finding Code No. 07-16)

RECOMMENDATION

We recommend that the University establish appropriate controls and procedures to ensure compliance with the Illinois Human Rights Act.

UNIVERSITY RESPONSE

We agree with the recommendation. The University has updated its website to include information on the complaint process available and protection against retaliation. The Legal Department of the University will develop appropriate, annual training to address sexual harassment and to review the University’s policy.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-17 FINDING: NON-COMPLIANCE WITH CHICAGO STATE UNIVERSITY LAW

Chicago State University (University) did not comply with laws concerning students' personal information.

The University's Computer Information and Code of Conduct Staff Policy, V. Employee Acknowledgement of Responsibility does not differentiate between students who have not reached the age of 21 or those 21 years of age or older. This policy does not specifically address the release or non-release of information to business organizations or financial institutions.

Chicago State University implemented its first phase of a policy designed to ensure privacy and proper use of social security numbers in March of 2007. Stickers were affixed to existing student identification cards to cover the social security number printed on the card and each student was assigned an individual identification number separate from their social security number. Therefore social security numbers were displayed on student identification cards subsequent to January 2006.

Chicago State University Law (110 ILCS 660/5-125) states, "The University may not provide a student's name, address, telephone number, social security number, e-mail address, or other personal identifying information to a business organization or financial institution that issues credit or debit cards, unless the student is 21 years of age or older." In addition, "The University may not print an individual's social security number on any card or other document required for the individual to access products or services provided by the University." This law was revised as of January 1, 2006.

University officials stated that the majority of its student body is 21 years of age or older and the first phase of implementation to exclude information prohibited by the law from disclosure was focused on these students. The University is in the process of full implementation of this law.

The University could be exposing itself to unnecessary legal consequences by not complying with the law. (Finding Code No. 07-17)

RECOMMENDATION

We recommend that the University establish appropriate controls and policies for monitoring compliance with its laws and regulations.

UNIVERSITY RESPONSE

The University agrees with the recommendation that personal information of all students should be protected. In March 2007, stickers were affixed to existing student identification cards to cover the social security number printed on the card and each student was assigned an individual identification number separate from their social security number. Therefore, social security numbers have been displaced on student identification cards. The University is in the process of fully implementing its Chicago State University Law (110 ILCS 660/5-125).

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-18 FINDING: INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT RECORDS

Chicago State University (University) had inadequate controls over its property and equipment records.

We toured the University campus and judgmentally selected 25 items for review. After confirming the existence of the item we tried to trace it to the property control list maintained by the University. The property control list that was provided by the University for this testing is the same one the University provides to the Department of Central Management Services (DCMS) for property items with a cost of \$500 or more. Further, the University, pursuant to its capitalization threshold for financial statement reporting purposes, maintains a listing of property and equipment for items in excess of \$5,000.

In performing our testing of University equipment, we found the following:

- Of the 25 items that we observed, 14 items (56%) were not on the property control list.
- Additionally three items with a total cost of \$16,369 (two copiers and a computer) observed were not on the property listing as provided to the Department of Central Management Services, however these were included on the University's property control records used for financial statement reporting purposes.

Auditors judgmentally selected 50 items from the University's property control listing and attempted to locate these items. We noted the following exceptions:

- One item (2%) on the property listing could not be located with a total cost of \$1,832. This item did not have a description. In addition another item (ceramic stirrer) (2%) on the property control listing did not have a cost and did not have a location code on the listing.
- Six items (12%) were assigned tag numbers, however did not have tags affixed. These items totaled \$99,129. In addition, 9 items (18%) totaling \$16,217, did not have tags affixed and were not on the property listing.
- One item (2%) had a tag affixed that did not match the number assigned on the property listing. The total cost of this item was \$4,741.
- Five items (10%), with a total cost of \$29,849, were found at a location other than the location listed on the property records.
- One item (2%), a laptop costing \$891, could not be located. This had been loaned to a student, however the University could not provide us with the documentation.

During testing of University equipment additions during this fiscal year, the following was noted:

- Four property items purchased during the year, totaling \$18,732, had not been assigned a tag number nor included on the property listing.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-18 FINDING: INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT RECORDS (Continued)

- One item, purchased for \$6,793, was included on the property listing without the shipping cost of \$63.
- Two property expenditures totaling \$14,148, had tags assigned, however, were not on the property listing.

One item was listed on the property control records for financial reporting purposes for a value of \$521,089 greater than on the property listing. It was determined that the value of the records for financial reporting was incorrect and resulted in an adjustment of \$521,089 to assets, and \$264,887 to depreciation expense. This adjustment is included in Finding 07-1: Financial Statement Adjustments.

During review of the University's property control listing submitted to DCMS, the following was noted:

- One item on the listing did not have a tag number assigned.
- A cost was not provided for twenty-nine items on the list.

As a result of the exceptions noted previously, the auditors performed additional testing of the two different property control listings maintained by the University. We judgmentally selected 25 items from the property control listing used for financial statement reporting purposes and tried to locate those items on the property control listing used for DCMS reporting purposes. Ten items (40%) totaling \$229,556 could not be found on the DCMS list.

The Annual Certification of Inventory submitted to the Department of Central Management Services for the period ended March 31, 2007 was submitted by the University on February 6, 2008. This report was due on July 2, 2007. The University had requested three extensions subsequent to July 2007, with the last requesting an extension until January 14, 2008.

Department of Central Management Services Property Control Rules (44Ill. Admin Code 5010) requires all changes in equipment records be made within 30 days. It also requires each piece to be marked with a unique six-digit identification number. The State Property Control Act (30 ILCS 605/4) requires responsible officers at each agency to be accountable for the supervision, control, and inventory of all property under its jurisdiction to ensure the proper accounting and safeguarding of State assets. Good business practice requires that equipment be properly safeguarded against theft and misuse.

University officials stated that these exceptions occurred due to lack of staff and staff turnover. In addition, during the fiscal year, there were campus-wide upgrades from one vendor's computer equipment to another's, room assignment changes, and library moves that property control staff were heavily involved in. Consequently, there has been a backlog in many functions, including the updating of the property records, reconciliation and investigation of physical count results, and the reconciliation of expenditure records and property records. In addition, tags may have fallen-off certain items. The university contracted the physical inventory

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

CURRENT FINDINGS – STATE

07-18 FINDING: INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT RECORDS (Continued)

with an outside vendor and a reconciliation of the count had to be finalized before the Annual Certification could be filed with DCMS. The reconciliation was finalized in February 2008.

Inaccurate property control records could result in incorrect accounting information and could cause unnecessary equipment expenditure and inaccurate financial reporting. Equipment not properly tagged could lead to the loss or improper use of University assets. (Finding Code Nos. 07-18, 06-9, 05-4, 04-4, 03-3, 02-7, 01-07, 00-05, 99-09, 98-04, 97-09)

RECOMMENDATION

We recommend that the University adhere to its procedures to ensure that the property and equipment records are properly maintained and accounted for.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University realizes the need to continue to improve controls and procedures over equipment. The University engaged an outside consulting firm to inventory furniture and equipment in 2007. The University intends to perform another physical inventory in FY08 and reconcile the physical count to the detailed property records.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS – PRIOR FINDINGS NOT REPEATED
FOR THE YEAR ENDED JUNE 30, 2007**

PRIOR FINDINGS NOT REPEATED - FEDERAL

07-19 Overaward/Overpayment of Student Financial Aid

The University did not include scholarships received from other sources as part of student resources which caused an overaward of student financial aid. (Finding Code No. 06-4)

Status -Moved to Letter of Immaterial Findings

See Finding Code No. IM07-01.

PRIOR FINDINGS NOT REPEATED - STATE

07-20 Internal Controls Over Contracts

The University officials stated there were no contracts greater than \$3 million, however a \$3.5 million payment was noted during expenditure testing. When the University was asked about the \$3.5 million payment, a contract was produced. In reviewing the contract and related documents, it was noted that it had been executed after payment was made.

Status – Not repeated

When asked University officials provided contracts greater than \$3 million and no additional payments over \$3 million were noted during expenditure testing. The contracts provided were executed prior to payments being made. (Finding Code No. 06-6)

07-21 Failure To Include Taxable Fringe Benefits In Employee's Reported Income

The University failed to add fringe benefits related to an employee's personal use of a State vehicle and related to an employee's family members travel provided under an employment contract to federal and state taxable income on Form W-2. (Finding Code No. 06-10)

Status – Not repeated

For the calendar year 2006, taxable working condition fringe benefits were included in the employee's federal and state taxable income on Form W-2.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

SUMMARY

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

- **Fiscal Schedules and Analysis:**
 - Schedule of Expenditures of Federal Awards
 - Notes to the Schedule of Expenditures of Federal Awards
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Income Fund Revenues and Expenditures
 - Schedule of Changes in State Property
 - Analysis of Significant Variations in Revenues and Expenses
 - Comparative Schedule of Cash, Temporary Cash Investments, and Investments
 - at Market Value
 - Analysis of Significant Variations in Asset and Liability Accounts
 - Analysis of Significant Lapse Period Expenditures
 - Analysis of Accounts Receivable
 - Schedule of Sources and Applications of Indirect Cost Recoveries
- **Analysis of Operations**
 - Agency Functions and Planning Program
 - Average Number of Employees (Unaudited)
 - Comparative Enrollment Statistics (Unaudited)
 - Statistical Summary (Unaudited)
 - Comparative Schedule of Unrestricted Current Fund Expenditures per Full-time Equivalent Students as Reported to the Board of Higher Education (Unaudited)
 - Emergency Purchases
 - Illinois First Program
 - Bookstore Information (Unaudited)
 - Schedule of Federal and Nonfederal Expenditures
 - Schedule of Degrees Conferred (Unaudited)
 - Schedule of Tuition and Fee Waivers (Unaudited)
- **Special Data Requirements for Audits of Universities**
 - University Reporting in Accordance With University Guidelines
 - Schedule of Indirect Cost Funds to be Deposited into the University
 - Income Fund as Required by the University Guidelines (1997 Amended)
 - Schedule of Excess Funds Calculation by Entity as required by the 1982 University Guidelines (1997 Amended)
 - Entities' Financial Statements
 - Balance Sheets
 - Statement of Revenues, Expenditures and Transfers - Current Unrestricted Funds
 - Statement of Changes in Fund Balance - Current Unrestricted Funds
 - Statement of Changes in Fund Balance - Plant Funds
 - Summary of Foundation Cash Support to the University

The auditors' 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, except for the portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

<u>Source/Program</u>	<u>Federal CFDA #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF EDUCATION:			
Direct Programs:			
Student Financial Aid Cluster:			
<i>Federal Supplemental Educational Opportunity Grants</i>	84.007		\$ 306,693
<i>Federal Work-Study Program</i>	84.033		513,633
<i>Federal Pell Grant Program</i>	84.063		10,061,601
<i>Federal Perkins Loan Program (Note 2)</i>	84.038		-
<i>Federal Family Education Loans (Note3)</i>	84.032		-
<i>Federal Academic Competitiveness Grant</i>	84.375		43,300
<i>SMART Grant</i>	84.376		60,000
DEPARTMENT OF HEALTH & HUMAN SERVICES			
Direct Program:			
Student Financial Aid Cluster:			
<i>Nursing Student Loan Program (Note 2)</i>	93.364		-
<i>Scholarships for Health Professions Students from Disadvantaged Backgrounds - SDS Nursing Program</i>	93.925		106,952
Total Student Financial Aid Cluster			<u>11,092,179</u>
TRIO Cluster:			
<i>TRIO-Student Support Services</i>	84.042		226,704
<i>TRIO-Project Fame/Upward Bound</i>	84.047		505,249
<i>TRIO-Project Fame/Upward Bound II</i>	84.047		373,099
<i>TRIO-Educational Opportunity Centers</i>	84.066		303,074
<i>TRIO-Educational Talent Search</i>	84.044		140,242
Total TRIO Cluster			<u>1,548,368</u>
<i>Project Nueva Generacion</i>	84.195E		672
<i>Minority Science And Engineering Improvement Program</i>	84.120		127,124
<i>Ensuring Mastery of Mathematics</i>	84.120		26,037
<i>Fund for the Improvement of Postsecondary Education</i>	84.116		29,930
<i>Trio-Dissemination Partnership Grants</i>	84.344		22,954
<i>Hurricane Education Recovery</i>	84.938		10,132
Total Direct Programs			<u>12,857,396</u>
Passed Through Programs From:			
Illinois Board of Higher Education			
<i>Improving Teacher Quality State Grants - Chicago Collaborative for High School Science</i>	84.367	F983NCLB12	228,098
The Jane Addams Hull House			
<i>Early Reading First/Hull House Project</i>	84.359		34,655
Total Passed Through Programs			<u>262,754</u>
Total Department of Education			<u>13,120,150</u>
RESEARCH AND DEVELOPMENT CLUSTER			
NATIONAL INSTITUTES OF HEALTH			
<i>Biomedical Research and Research Training - Minority Biomedical Research Support (MBRS)</i>	93.859		1,915,907
<i>Mental Health Research Grant(s)</i>	93.242		65,850
<i>Child Health and Human Development Extramural Research- EARDA</i>	93.865		86,834
Passed Through Programs From:			
American Psychological Association			
<i>Biomedical Research and Research Training - Developing Minority Biomed</i>	93.859	5T36GM00864006	27,140
Northwestern University			
<i>Biomedical Research and Research Training - MS-Phd Bridge to the Future</i>	93.859	1R25GM068929	152,873
University of Illinois			
<i>Biomedical Research and Research Training - Training at the Masters Level</i>	93.859	5R25GM07195903	88,810

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Source/Program</u>	<u>Federal CFDA #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>NATIONAL SCIENCE FOUNDATION</u>			
<i>Education and Human Resources - AMP- Chicago Science, Engineering and Math Alliance</i>	47.076		1,192,063
<i>Education and Human Resources - Improving Student Understanding of Physics at an Inner-City University through the use of Concept and Activity-Based Tutorials</i>	47.076		6,260
<i>Education and Human Resources - Support, Mentoring, Accountability, Research and Training: A Sustainable, Thriving Program in Mathematical Sciences</i>	47.076		52,323
<i>Education and Human Resources - Creating Innovative Physics Learning Environments in the Urban Classroom</i>	47.076		15,390
<i>Biological Sciences - Acquisition of a Florescence-Activated Cell Sorter to Support Research And Training at CSU</i>	47.074		50,630
Passed Through Program From:			
Ohio State University Research Foundation <i>Mathematics & Physical Sciences - Creating Research Based Single Concept Sequences for in-class polling system</i>	47.049	DUE-0618128	4,409
The Chicago Botanic Garden <i>Biological Sciences - Integrating Long-term Demographic Data & Repeated Genetic Sampling</i>	47.074	DEB-051608	7,941
<u>ARMY RESEARCH OFFICE, ARMY MATERIAL COMMAND</u>			
<i>Basic Scientific Research - Microwave Laboratory Systems To Enhance Research Opportunities & Scientific Education</i>	12.431		92
<u>DEPARTMENT OF DEFENSE</u>			
<i>Development of Fuel Cells for Mobile Robotic Systems</i>	12.xxx		2,010,532
Total Research And Development Cluster			<u>5,677,154</u>
<u>DEPARTMENT OF HEALTH & HUMAN SERVICES:</u>			
Direct Programs:			
<i>Nursing Workforce Diversity Grant</i>	93.178		1,089
<i>Nurse Education, Practice and Retention Grants - CSU's Access to Nursing Care Through Service Learning</i>	93.359		239,801
<i>Nurse Education, Practice and Retention Grants: Career Ladder</i>	93.359		84,301
<i>Temporary Assistance for Needy Families</i>	93.558		148,612
Total Direct Programs			<u>473,803</u>
Passed Through Programs From:			
City of Chicago:			
<i>Headstart/IPCFD</i>	93.600	05-0890-52-2005-0140-0140-05C16E	
<i>Early Headstart Program</i>	93.600	006-0890-0522005-0140-220140-06C4E P.O. No:377, Spec. No:1787	1,709,500
<i>Head Start Collaboration & Services</i>	93.600	005-0585-52-2005-0140-0140-05BZ44 P.O. No: 432, Spec. No: 1787	119,238
<i>Head Start Developing Communities Project</i>	93.600	005-0890-52-2005-0140-0140-05C16A P.O. No: 4640, Spec. No: 21116	338,244
Total Head Start			<u>223,641</u>
<i>Child Care and Development Block Grant-Child Care Services Program</i>	93.575	005-0585-52-2005-0140-0140-05BZ44 005-0585-52-2005-0140-0140-05BZ45 005-0586-52-2005-0140-0140-05BZ54 P.O. No: 377, Spec. No: 1787	2,390,623
Total			<u>496,917</u> 2,887,540
The University of Illinois at Chicago:			
<i>Health Careers Opportunity Program - Six Week Summer Health Careers Opportunity Program</i>	93.822	5D18HP02992-050	19,678
<i>Health Careers Opportunity Program - UIC/SPH/CSU Health Careers Opportunities Program</i>	93.822	2003-04273-05-01	19,744
Central State University:			
<i>Family and Community Violence Prevention Program - Family Life Center</i>	93.910	5MPCMP94001-12-0	23,198
Total Passed Through Programs			<u>2,950,160</u>
Total Department of Health and Human Services			<u>3,423,963</u>

STATE OF ILLINOIS
 CHICAGO STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2007

<u>Source/Program</u>	<u>Federal CFDA #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT</u>			
Direct Program:			
<i>Textbook & Learning Materials Program</i>	98.001		1,919,550
<i>South Africa Initiative</i>	98.000		<u>215</u>
Total U.S. Agency for International Development			<u>1,919,765</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
<i>The 19th Annual National Conference of the Black Physics Students</i>		NNG05GD87G	<u>28,785</u>
Total National Aeronautics and Space Administration			<u>28,785</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES			
<i>Promotion of the Humanities-Federal/State Partnership-Photographic History of African-American Legislators</i>	45.129		<u>10,000</u>
Total National Endowment for the Humanities			<u>10,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 24,179,817</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes federal grants of the University and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "*Audits of State, Local Governments, and Non-Profit Organizations*." Some amounts presented in this schedule may differ from amounts presented, or used in the preparation of the basic financial statements.

2. LOANS OUTSTANDING

The University had the following loan balances outstanding at June 30, 2007. These loan balances are not included in the federal expenditures presented in the schedule.

- **PERKINS LOAN FUND**

The Perkins Loan receivable from program inception through the year ended June 30, 2007 totaled \$2,148,208. Loan advances for the year ended June 30, 2007 totaled \$189,365. Interest income on loans totaled \$19,870 and other income totaled \$24,560.

- **NURSING STUDENT LOAN PROGRAM**

The balance of loans receivable as of June 30, 2007 was \$4,923. There were no collections or cancellations this fiscal year. However, the University repaid the Department of Health and Human Services \$38,766, which represents the federal share of the principal balance of the loans.

3. FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP)

The University approved \$22,833,653 in FFELP Loans (Stafford Subsidized - \$12,919,784, Stafford Unsubsidized - \$9,544,379 and Parent Loans [Plus] - \$369,490).

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2007**

FOURTEEN MONTHS ENDED AUGUST 31, 2007

Public Act No. 94-0798

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2007	Lapse Period Expenditures (July 1-Aug 31)	Total Expenditures	Balances Lapsed
GENERAL REVENUE FUND (001)					
Personal services	\$ 34,727,500	\$ 34,727,470	\$ 30	\$ 34,727,500	\$ -
Social Security	385,900	385,900	-	385,900	-
Group Insurance	1,024,000	1,024,000	-	1,024,000	-
Contractual services	1,992,700	1,992,700	-	1,992,700	-
Travel	11,000	11,000	-	11,000	-
Commodities	11,000	11,000	-	11,000	-
Equipment and library books	168,100	168,100	-	168,100	-
Telecommunications	304,400	304,400	-	304,400	-
Operation of Automotive Equipment	1,000	1,000	-	1,000	-
Awards and grants	104,400	104,400	-	104,400	-
HIV/AIDS Policy Research	400,000	149,335	250,665	400,000	-
Doctor of Education in Ed. Leadership	150,000	5,298	144,702	150,000	-
Financial Assistance Outreach Program	450,000	414,869	35,131	450,000	-
Display/Permanent Exhibit in Library	30,000	30,000	-	30,000	-
Convocation Center Operation & Maint	1,000,000	600,186	399,814	1,000,000	-
Projects to Improve Retention	400,000	88,512	311,488	400,000	-
	<u>41,160,000</u>	<u>40,018,170</u>	<u>1,141,830</u>	<u>41,160,000</u>	<u>-</u>
Total General Revenue Fund (001)	<u>41,160,000</u>	<u>40,018,170</u>	<u>1,141,830</u>	<u>41,160,000</u>	<u>-</u>
TOTAL APPROPRIATIONS	<u>\$ 41,160,000</u>	<u>\$ 40,018,170</u>	<u>\$ 1,141,830</u>	<u>\$ 41,160,000</u>	<u>\$ -</u>

Note: Data is taken from University records and has been reconciled to the records of the State Comptroller.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>2007</u>	<u>2006</u>
	<u>PUBLIC ACT</u>	<u>PUBLIC ACT</u>
	<u>94-0798</u>	<u>94-0015</u>
GENERAL REVENUE FUND (001)		
APPROPRIATIONS	<u>\$ 41,160,000</u>	<u>\$ 38,660,300</u>
EXPENDITURES		
Personal services	34,727,500	34,628,900
Social Security	385,900	376,800
Group Insurance	1,024,000	512,000
Contractual services	1,992,700	1,992,700
Travel	11,000	11,000
Commodities	11,000	11,000
Equipment and library books	168,100	168,100
Telecommunications	304,400	304,400
Operations of Automobile	1,000	1,000
Awards and Grants	104,400	104,400
HIV/AIDS Policy & Research	400,000	400,000
Doctor of Education in Ed. Leadership	150,000	150,000
Financial Assistance Outreach Program	450,000	-
Display/Permanent Exhibit in Library	30,000	-
Convocation Center Operation & Maint	1,000,000	-
Projects to Improve Retention	400,000	-
Total expenditures	<u>41,160,000</u>	<u>38,660,300</u>
Lapsed balances	<u>-</u>	<u>-</u>
GRAND TOTAL		
APPROPRIATIONS	41,160,000	38,660,300
EXPENDITURES	<u>41,160,000</u>	<u>38,660,300</u>
TOTAL LAPSED BALANCES	<u>\$ -</u>	<u>\$ -</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007
(With comparative totals for the year ended June 30, 2006)**

	<u>2007</u>	<u>2006</u>
INCOME FUND REVENUES		
Tuition revenue	\$ 23,480,825	\$ 23,871,251
Laboratory fee	162,299	228,376
Late registration fee	136,847	67,902
NSF check fee	2,660	2,380
Deferred payment fee	46,630	67,529
Graduation fee-undergraduate	15,625	16,512
Graduation fee-graduate	7,265	8,460
Transcript fee	74,527	76,240
Application fee	110,428	116,717
Interest income	549,885	414,304
Miscellaneous other income	192,611	82,820
TOTAL INCOME FUND REVENUES	<u>\$ 24,779,602</u>	<u>\$ 24,952,491</u>
INCOME FUND EXPENDITURES		
Personal services	\$ 13,194,652	\$ 11,462,406
Social Security	284,061	213,574
CMS Group Insurance	-	512,000
Contractual services	4,821,640	6,172,648
Travel	229,336	241,169
Commodities	1,147,909	988,521
Equipment and library books	1,731,585	1,724,103
Telecommunications	495,440	122,409
Operation of automotive equipment	47,488	29,956
Permanent improvements	372,020	1,074,496
TOTAL INCOME FUND EXPENDITURES	<u>\$ 22,324,131</u>	<u>\$ 22,541,282</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF CHANGES IN STATE PROPERTY
FOR THE YEAR ENDED JUNE 30, 2007**

(In thousands)

	Beginning Balance at June 30, 2006	Additions	Reclassifications	Retirements	Ending Balance at June 30, 2007
Land	\$ 9,268	\$ 344	\$ -	\$ -	\$ 9,612
Buildings and building improvements	106,050	2,355	-	-	108,405
Site improvements	9,495	2	-	-	9,497
Equipment	31,296	5,479	-	(916)	35,859
Library books	9,445	582	-	-	10,027
Construction in-progress	50,452	8,998	-	-	59,450
TOTAL	\$ 216,006	\$ 17,760	\$ -	\$ (916)	\$ 232,850

This Schedule has been reconciled to Quarterly Reports of State Property submitted to the State Comptroller.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007**

We obtained variance explanations for the following accounts, which had a 20% change and a dollar variance greater than \$100,000.

REVENUES	<u>Balance FY 07</u>	<u>Balance FY 06</u>	<u>\$ Difference</u>	<u>%</u>
NON-GOVERNMENTAL GRANTS AND CONTRACTS:	\$ 115,938	\$ 475,457	\$ (359,519)	-76%
Private grants decreased \$360 thousand mainly in the Research grants area by \$270 thousand.				
CAPITAL GRANTS AND APPROPRIATIONS:	\$ 16,916,913	\$ 28,253,484	\$(11,336,571)	-40%
Revenues from capital appropriations and grants decreased by \$11.3 million to \$16.9 million. The decrease is associated primarily with the construction of the convocation center and the completion of the new academic library.				
EXPENSES				
RESEARCH:	\$ 5,405,867	\$ 3,863,448	\$ 1,542,419	40%
Research increased \$2.0 million or 51% to \$5.8 million due to increased funding of the MBRS grant, as well as other new scientific grants such as the new Fuel Cell research grant.				
STUDENT SERVICES:	\$ 13,468,500	\$ 11,056,396	\$ 2,412,104	22%
Student Services expenditures increased \$2.4 million or 22% to \$13.5 million due to additional expenses of the Chicagoland Regional College Program grant.				

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPARATIVE SCHEDULE OF CASH, TEMPORARY CASH INVESTMENTS,
AND INVESTMENTS - AT MARKET VALUE
AS OF JUNE 30, 2007
(With Comparative Totals as of June 30, 2006)**

	<u>2007</u>	<u>2006</u>
By Depository		
Cash and temporary cash investments:		
Citibank , Chicago, Illinois, Money Market Account	\$ 243	\$ 241
Checking accounts:		
Shore Bank, Chicago, Illinois, Depository Account	781,371	944,771
Shore Bank, Chicago, Illinois, ECA Account	-	1,306
Shore Bank, Chicago, Illinois, Student Loan Account	92,220	147,145
Shore Bank, Chicago, Illinois, HHS Account	360	705
Citibank, Chicago, Illinois, Vendor Disbursement Account	856,792	(241,433)
Citibank, Chicago, Illinois, Student Disbursement Account	(70,841)	(18,418)
Citibank, Chicago, Illinois, Electronic Depository Account - Local	888,413	18,525
Citibank, Chicago, Illinois, Electronic Depository Account - International	7,553	1,411
Citibank, Chicago, Illinois, TMS Account	11,031	3,232
Bank One, Chicago, Illinois, Payroll Account	331,348	153,299
Harris Bank, Chicago, Illinois, HUD Account	63,719	87,906
The Illinois Funds, Springfield, Illinois, Clearing Fund	13,443,429	7,973,634
The Illinois Funds, Springfield, Illinois, Payroll Fund	3,341	3,174
The Illinois Funds, Springfield, Illinois, SURMA	1,397,691	-
Standard Chartered Bank, Ghana, S Africa, USAID	34,519	-
Standard Chartered Bank, Ghana, S Africa, USAID	(53)	-
Standard Chartered Bank, Ghana, S Africa, USAID	5,779	-
Temporary cash investments -		
Seaway Bank, Chicago Illinois, Bond Revenue Proceeds	142,825	1,230,348
Total Cash and Cash Equivalents	<u>\$ 17,989,740</u>	<u>\$ 10,305,846</u>
By Fund		
Unrestricted current funds	\$ 8,289,439	\$ 6,174,656
Restricted current funds	1,994,320	(1,470,642)
Loan funds	(42,911)	(817)
Plant Funds	4,937,470	5,336,029
Agency Funds	2,811,422	266,620
Total Cash and Cash Equivalents	<u>\$ 17,989,740</u>	<u>\$ 10,305,846</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN ASSET AND LIABILITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2007**

We obtained variance explanations for the following accounts, which had a 20% change and a dollar variance greater than \$100,000.

	<u>Balance FY 07</u>	<u>Balance FY 06</u>	<u>\$ Difference</u>	<u>%</u>
ASSETS				
<i>Cash and Cash Equivalents:</i>	\$ 17,989,740	\$ 10,305,846	\$ 7,683,894	75%
Cash and cash equivalents were up due to the timing of payment of \$5.0 million of accounts payable and accrued liabilities between year-ends and reflect the increase in Truth-in-tuition reserves.				
<i>Balance in State Appropriation:</i>	\$ 1,774,527	\$ 294,601	\$ 1,479,926	502%
The balance in State appropriations increased \$1.5 million to \$1.8 million, due to the timing of expenditures processing.				
<i>Prepaid Expenses and Other Assets:</i>	\$ 1,169,606	\$ 223,026	\$ 946,580	424%
Prepaid expenses and other assets increased by \$947 thousand due to a grant funds advanced funding for completion of the University Convocation Center.				
LIABILITIES				
<i>Accounts Payable and Accrued Liabilities:</i>	\$ 11,461,964	\$ 6,879,017	\$ 4,582,947	67%
Increases in this category were up due to the timing of payment of Restricted payables in Headstart, College of Pharmacy, and Convocation Center grants of \$2.0 million and 2.7 million due to CSU taking custody of SURMA funds.				
<i>Deferred Revenue:</i>	\$ 889,906	\$ 1,617,160	\$ (727,254)	-45%
Deferred revenues decrease in the categories of Tuition and Fees at \$397,000 due mainly to decreased tuition revenues and new or decreased grants.				
<i>Performance Contract Notes Payable:</i>	\$ 1,514,714	\$ 2,216,677	\$ (701,963)	-32%
The decrease in the performance contract is due to another year of payments being currently due on the performance contract which is in litigation.				
<i>Capital Leases Payable:</i>	\$ 280,032	\$ -	\$ 280,032	100%
Reflects various new leases for copier equipment throughout the campus.				

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF SIGNIFICANT LAPSE PERIOD EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007

We obtained variance explanations for the following lapse period expenditures which exceeded 20% of the expenditures for the appropriation line item.

<u>GENERAL REVENUE FUND</u>	Lapse Period Expenditures	%
<i>HIV/AIDS Policy Research</i>	\$ 250,665	63%
Payments for contractual, commodities and equipment of which 222 thousand represents expenditures paid locally by 6/30/07 and submitted to the Comptroller's office in the lapsed period for reimbursement.		
 <i>Doctor of Education in Ed. Leadership</i>	 \$ 144,702	 96%
Payments for contractual, travel, commodities, equipment and permanent improvement, of which 124 thousand represents expenditures paid locally by 6/30/07 and submitted to the Comptroller's office in the lapsed period for reimbursement.		
 <i>Convocation Center Operation & Maint</i>	 \$ 399,814	 40%
Payments for contractual, commodities, equipment and permanent improvements, of which 335 thousand represents expenditures paid locally by 6/30/07 and submitted to the Comptroller's office in the lapsed period for reimbursement.		
 <i>Projects to Improve Retention</i>	 \$ 311,488	 78%
Payments for contractual, commodities, equipment and stipends, of which 158 thousand represents expenditures paid locally by 6/30/07 and submitted to the Comptroller's office in the lapsed period for reimbursement.		

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF ACCOUNTS RECEIVABLE
AS OF JUNE 30, 2007
(With Comparative Totals as of June 30, 2006)**

Balance Sheet at June 30 of	<u>2007</u>	<u>2006</u>	<u>Change</u>
Accounts Receivable (Net)			
Current Unrestricted Fund	\$ 4,459,997	\$ 3,892,689	\$ 567,308
Current Restricted Fund	3,293,550	4,811,766	(1,518,216)
Loan Fund	-	(45,655)	45,655
Total Accounts Receivable (Net)	<u>\$ 7,753,547</u>	<u>\$ 8,658,800</u>	<u>\$ (905,253)</u>
Accounts Receivable - All Funds at Gross	\$ 9,702,245	\$ 10,432,472	\$ (730,227)
Less: Allowance for Uncollectible Accounts	(1,948,698)	(1,773,672)	(175,026)
Total Accounts Receivable (Net)	<u>\$ 7,753,547</u>	<u>\$ 8,658,800</u>	<u>\$ (905,253)</u>
Aging of Current Unrestricted Fund			
Current (less than one year)	\$ 2,551,002	\$ 2,464,387	\$ 86,615
One year past due	1,296,707	1,211,866	84,841
Two years past due	994,512	864,755	129,757
Three years past due	890,883	501,821	389,062
Older than three years past due	643,660	591,601	52,059
Total Current Unrestricted Fund-Gross	<u>\$ 6,376,764</u>	<u>\$ 5,634,430</u>	<u>\$ 742,334</u>
Balance Sheet - Current Unrestricted Fund (Net)	\$ 4,459,997	\$ 3,892,689	\$ 567,308
Allowance for Uncollectible Accounts	<u>(1,916,767)</u>	<u>(1,741,741)</u>	<u>(175,026)</u>
TOTAL CURRENT UNRESTRICTED FUND-GROSS	<u>\$ 6,376,764</u>	<u>\$ 5,634,430</u>	<u>\$ 742,334</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF SOURCES AND APPLICATIONS OF
INDIRECT COST RECOVERIES
FOR THE YEAR ENDED JUNE 30, 2007**

SOURCES:

Federal funds	\$ 1,125,811
State funds	85,431
Local and Private funds	2,781
Other sources	28,314
Total Sources	<u>1,242,337</u>

APPLICATIONS:

Research	576,244
Institutional support	194,911
Instruction	56,774
Public Services	156,516
Student Services	377,195
Total Applications	<u>1,361,640</u>

Fund Transfers	<u>500,000</u>
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Excess of Sources Over Applications	<u>(619,303)</u>
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FUND BALANCE, BEGINNING OF YEAR	<u>128,865</u>
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FUND BALANCE, END OF YEAR	<u>\$ (490,438)</u>
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**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

AGENCY FUNCTIONS AND PLANNING

Chicago State University (University) is governed by the Chicago State University Board of Trustees which is comprised of seven members appointed by the Governor with the advice and consent of the State Senate. There is also one voting student member elected by the student body. Three board members have five-year appointments and the other four have a three-year term. The student is elected for a one year term.

The 2006 Chicago State University Strategic Plan, *Building on Tradition: Repositioning the University for Excellence in the New Century*, contains the strategic plan and the context for planning. The goals, subgoals, strategies, names of responsible persons and assessment indicators, and the mission statement and University vision are incorporated into the document. The original planning process was initiated in 2004 by the Strategic Planning Committee and eight task forces. This plan will guide the University for the next five to seven years. Although this document is expected to be a University guide to strategic planning for the future, the University anticipates that many factors may require it to be updated annually.

Chicago State University - Mission

Chicago State University, a public, comprehensive, urban institution of higher learning located on the south side of Chicago, strives for excellence in teaching, research, creative expression and community service. The mission of the University is to: 1) provide access to higher education for residents of the region, the state and beyond, with an emphasis on meeting the educational needs, undergraduate through doctoral levels, of promising graduates from outstanding secondary schools as well as educating students where academic and personal growth may have been inhibited by lack of economic, social, or educational opportunity; and 2) produce graduates who are responsible, discerning, and informed global citizens with a commitment to lifelong-learning and service.

To accomplish its mission, the University is committed to:

- recruiting, retaining and graduating a culturally and economically diverse student body including undergraduate, master's and doctoral-level students;
- employing a dedicated, caring and culturally diverse faculty whose teaching is informed by research and embodies engaging learning experiences that enable students to flourish academically and personally;
- offering curricula that address major dimensions of the arts, humanities, and encourage the development of communication skills and critical thinking as well as cultural and social awareness;
- providing students in liberal arts and professional programs with broad knowledge, university-level competencies and specialized courses that are intellectually challenging and academically rigorous;
- fostering a collaborative and intellectually stimulating community that promotes academic freedom, mutual respect and integrity for its graduate and undergraduate students, faculty and staff; and
- working in partnership with local organizations and agencies active in the region and assisting in the development of socially economically viable and sustainable communities.

Chicago State University Vision Statement

Chicago State University is a comprehensive, metropolitan, commiversity committed to its evolution as a center of academic excellence and aspires to be a doctoral granting institution. The University is dedicated to maintaining a culturally diverse community of scholars engaged in the collaborative creation and dissemination of knowledge. Placing its students first, CSU prepares its graduates to meet the challenges of the emerging global community.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

AGENCY FUNCTIONS AND PLANNING (continued)

By the year 2010:

- All faculty and students will be actively engaged in research, scholarship and creative expression.
- The University community will measure its success by what its students learn or the educational value it adds to the lives of its students.
- The University will be fiscally credible, responsible in all its operations, expand its revenue sources and enhance its endowment.
- The University will maintain and expand its physical facilities and infrastructure as well as technologies to support its teaching, learning and research goals.
- The University will actively engage its internal community and external constituencies in its economic development interests and community engagement projects.
- The University will use its athletic program as a means of achieving greater visibility and a positive image as well as enhancing recruitment and fund-raising initiatives.
- The University's academic programs will emphasize majors in business, healthcare, education, scientific and technological areas while continuing to provide strong and rigorous programs in the liberal arts, humanities and the social sciences.
- All members of the University community will adhere to the CSU community Code of Excellence.
- The University will provide a strong cultural and intellectual climate and will enhance the quality of student life through an array of activities and services.
- The University will expand strategies for recruiting, retaining and advancing highly qualified faculty, students, staff, administrators and alumni in order to achieve its mission.

The University is also committed to meeting the needs of the State and its citizens in the next decade by participating in the "citizens agenda" adopted by the Illinois Board of Higher Education that is termed "The Illinois Commitment." Many agenda items fit within the stated mission, and have been incorporated into the CSU budget and planning process. These goals include:

1. Improve the recruitment, retention and graduation rates of a culturally and economically diverse student body while increasing the number of well-prepared and academically able students entering a nurturing environment that facilitates the development of the whole person to become an accomplished, balanced, civil, competent, caring and creative global citizen.
2. Enhance the ability and accountability of all divisions and levels of the university to provide excellent services, sufficient resources, efficient operations and a humane atmosphere to all students, faculty, administrators and staff.
3. Strengthen the commitment of the entire CSU community to outstanding undergraduate, graduate, distance and continuing educational programs characterized by disciplinary depth and rigorous breadth with a high level of direct interaction between faculty and students.
4. Diversify revenue resources to increase the contributions of the private sector and the federal government and employ excellent management practices of human, financial and physical resources to increase effectiveness and efficiency in all areas.
5. Continue to recruit and retain a dedicated, caring and culturally diverse faculty whose teaching is informed by research and embodies engaging learning experiences that enable students to flourish academically and personally.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

AGENCY FUNCTIONS AND PLANNING (continued)

6. Reorganize and strengthen Information Technology, Media Production and Media Services so that they will support both the academic and administrative functions of the university and the deployment of new and innovative teaching and research technologies as they become available.
7. Foster a collaborative and intellectually stimulating community that promotes academic freedom, mutual respect, integrity, high expectations of academic and professional achievement and work productivity for its graduate and undergraduate students, faculty administrators and staff and provides community rituals and programs in order to engender loyalty, commitment and a sense of community.
8. Contribute to society, in general, and the local community, in particular, through economic development activities, mutually beneficial partnerships with elementary and secondary schools, community colleges, other universities, business, industry, government and community organizations and significantly increase CSU's role as an international institution of higher education.

CSU intends to contribute significantly to the attainment of each of these goals. As required by the North Central Association of Colleges and Schools the finding from the 2003 Evaluation Team's report have been integrated into the plan. The subgoals and strategies that have resulted from this are priority items in the plan as they must be addressed before the next accreditation review in 2013. The University is required to submit an annual Resource and Management Plan to the Illinois Board of Higher Education, which details the current year and a five-year projection. The University intends that future budget requests will contribute to the University Mission, Vision Statement and the Illinois Commitment.

University Head and Location

The current President of the University is Dr. Elnora Daniel whose office is located at:

Chicago State University
Cook Administration Building
9501 South Martin Luther King Drive
Chicago, IL 60628

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

Average number of University employees during the years ended June 30,

	<u>2007</u>	<u>2006</u>
Faculty and Staff	902	950
Students	<u>299</u>	<u>298</u>
TOTAL	<u><u>1,201</u></u>	<u><u>1,248</u></u>

Comparative Enrollment Statistics

The data indicated below for head count is for the Spring enrollment and the credit hour data is for the entire academic year.

	<u>2007</u>	<u>2006</u>
Head Count:		
Undergraduate	4,775	4,790
Graduate	<u>1,773</u>	<u>1,864</u>
TOTAL	<u><u>6,548</u></u>	<u><u>6,654</u></u>
Credit Hours:		
Undergraduate	116,556	119,884
Graduate	<u>24,232</u>	<u>26,849</u>
TOTAL	<u><u>140,788</u></u>	<u><u>146,733</u></u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

Comparative Enrollment Statistics (Continued)

University operational activity can be highlighted by the presentation of enrollment data.

Chicago State University Enrollment Summary '98-07:

<u>Term</u>	<u>Undergraduates</u>	<u>Graduates</u>	<u>Total</u>
Fall '98	6,336	2,080	8,416
Fall '99	5,585	1,995	7,580
Fall '00	5,060	1,854	6,914
Fall '01	5,140	1,939	7,079
Fall '02	4,979	2,179	7,158
Fall '03	4,904	2,136	7,040
Fall '04	4,867	1,968	6,835
Fall '05	5,160	1,971	7,131
Fall '06	5,167	1,868	7,035
Fall '07	5,217	1,593	6,810

Chicago State University Enrollment Demographics - Fall '06:

<u>Category</u>	<u>Number</u>	<u>Percent</u>
Full-time	3,632	51.6%
Part-time	3,403	48.4%
Male	1,934	27.5%
Female	5,101	72.5%
Freshman	1,304	18.5%
Sophomores	1,000	14.2%
Juniors	1,263	18.0%
Seniors	1,523	21.6%
Other Undergraduates	77	1.1%
Graduates	1,868	26.6%

Credit Hour Production - Fall '06 and Spring '07:

<u>College</u>	<u>2007 Credit Hour</u>
Arts & Science	43,526
Business	13,548
Education	28,246
Nursing	19,476
Special Programs	19,080
Undecided/Undeclared	<u>5,005</u>
TOTAL	<u><u>128,881</u></u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

STATISTICAL SUMMARY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

OPERATING REVENUES

	<u>FY 2007</u>	<u>FY 2006</u>
Student tuition (net of scholarship allowances of \$7,573,293 and \$7,721,000)	\$ 22,023,468	\$ 22,437,090
Auxiliary enterprises (net of scholarship allowances of \$13,664 and \$35,336)	3,630,015	4,100,582
Grants and contracts (principally Federal)	31,083,682	31,181,924
Other sources	3,023,784	3,149,562
Total Operating Revenues	<u>59,760,949</u>	<u>60,869,158</u>

OPERATING EXPENSES

Instruction	38,298,566	36,655,375
Research	5,405,867	3,863,448
Public service	7,359,554	6,192,057
Academic support	7,118,467	6,491,124
Student services	13,468,500	11,056,396
Institutional support	8,903,062	9,336,983
Operation and maintenance of plant	6,701,614	6,402,239
Scholarships and fellowships	5,346,202	5,075,461
Auxiliary enterprises	3,902,710	4,278,278
Depreciation	4,067,182	3,348,005
On-behalf State fringe benefits	15,176,756	13,402,670
Total Operating Expenses	<u>115,748,480</u>	<u>106,102,036</u>

OPERATING LOSS

(55,987,531) (45,232,878)

NONOPERATING REVENUES (EXPENSES)

State appropriations	41,160,000	38,660,300
State fringe benefits	15,176,756	13,402,670
Investment income	54,044	57,071
Interest on capital asset - related debt	(1,350,769)	(1,472,091)
Net nonoperating revenues	<u>55,040,031</u>	<u>50,647,950</u>
	(947,500)	5,415,072

Capital appropriations and grants	16,916,913	28,253,484
Loss on disposal of capital assets	(32,128)	(37,802)
Total other revenues	<u>16,884,785</u>	<u>28,215,682</u>
Increase in net assets	15,937,285	33,630,754

NET ASSETS

Net assets, beginning of the year	112,189,557	78,558,803
Net assets, end of the year	<u>\$ 128,126,842</u>	<u>\$ 112,189,557</u>

SELECTED ACCOUNT BALANCES

Cash and investments	\$ 17,989,740	\$ 10,305,846
Capital assets, net of accumulated depreciation	145,793,617	136,396,279
Revenue bond payable	20,860,000	21,645,000
Accrued compensated absences	6,832,668	7,294,400

SUPPLEMENTARY INFORMATION

Employment statistics

Faculty/administrative/civil service	902	950
Students	299	298
Total Employees	<u>1,201</u>	<u>1,248</u>

Student statistics

Undergraduate	4,775	4,790
Graduate	1,773	1,864
Total Students	<u>6,548</u>	<u>6,654</u>
Institutional cost per student	<u>\$ 6,329</u>	<u>\$ 5,948</u>

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 2007
(UNAUDITED)

COMPARATIVE SCHEDULE OF UNRESTRICTED CURRENT FUND
EXPENDITURES PER FULL-TIME EQUIVALENT STUDENTS
AS REPORTED TO THE BOARD OF HIGHER EDUCATION

	2007		2006	
	Total Costs	Total Semester Cost Per Full-Time Equivalent	Total Costs	Total Semester Cost Per Full-Time Equivalent
Direct salary	\$ 16,100,693	\$ 1,651	\$ 15,103,436	\$ 1,476
Indirect instruction	2,170,855	223	1,798,137	176
Departmental research	1,294,545	133	1,113,231	109
Departmental overheads	5,365,303	550	6,408,244	626
College or school overheads	1,559,666	160	1,859,567	182
Subtotal of Department and College Cost	<u>26,491,062</u>	<u>2,717</u>	<u>26,282,615</u>	<u>2,569</u>
Overhead support unique to college costs	5,961,979	611	4,832,642	472
All other academic support	5,887,648	604	4,692,259	459
Student services	3,192,636	327	3,597,365	352
Institutional support	12,244,789	1,256	14,571,256	1,424
Subtotal of Department and College Costs with University Overheads	<u>53,778,114</u>	<u>5,515</u>	<u>53,976,137</u>	<u>5,276</u>
Operation and maintenance of physical plant	7,940,519	814	6,877,269	672
TOTAL OF ALL COSTS	<u><u>\$ 61,718,633</u></u>	<u><u>\$ 6,329</u></u>	<u><u>\$ 60,853,406</u></u>	<u><u>\$ 5,948</u></u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

EMERGENCY PURCHASES

The University made the following emergency purchases during FY07:

- Contracting for Microbial Mitigation services (\$41,000) for 35 bedrooms in the Residence Hall.
- Obtained Electric Power Services Supply in order to protect the University from loss due to imminent significant electrical rate increases and protect against any disruption of services resulting from the rejection of the single late bid (\$2,400,000).
- Flooding of the Residence Hall basement level caused major damage to electrical equipment, the building's dry-type electrical transformer, switchgear, control systems and to stored materials in the basement. This emergency is to reinstate normal permanent operation and protections (\$250,000).
- Utilized the expertise of DHR International in the recruitment of a basketball coach (\$25,000).

ILLINOIS FIRST PROGRAMS

According to University officials, and based upon our review of University records, the University received payments on the following Illinois First Projects during the current period:

Received from: Illinois Department of Commerce and Economic Opportunity

<u>Grant No.</u>	<u>Original Grant Amount</u>	<u>Amount received in FY 07</u>
00-123518	\$ 5,000,000	\$ -
00-126003	\$10,000,000	5,000,000
03-121556	\$ 100,000	-
04-120039	\$ 9,000,000	-

BOOKSTORE INFORMATION (Unaudited)

The University has a contract with a bookstore for the period from June 1, 2000 through May 31, 2005, and was extended through March 31, 2008. The contract with the bookstore had the following terms:

1. 8.5% of all gross revenues up to \$2,000,000; and
2. 9.5% of all gross revenues from \$2,000,000 to \$4,000,000; and
3. 11% of all gross revenues over \$4,000,000

During FY 07 the bookstore had gross sales of \$3,056,790. The bookstore has been given exclusive rights to sell books on campus.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2007**

SCHEDULE OF FEDERAL AND NONFEDERAL EXPENDITURES

	<u>Amount</u>	<u>Percent</u>
Federal Funds	\$ 24,179,817	21%
Nonfederal Funds	<u>92,951,560</u>	<u>79%</u>
TOTAL	<u><u>\$ 117,131,377</u></u>	<u><u>100%</u></u>

The Federal Funds come from the Schedule of Expenditures of Federal Awards on pages 41-43, and do not include student loans awarded under the Federal Family Education Loan Program, the Federal Perkins Loan Program, or the Nursing Student Loan Program.

Total expenditures represent total operating and nonoperating expenses and the loss on disposal of capital assets reported on the University's Statement of Revenue, Expenses, and Changes in Net Assets.

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

SCHEDULE OF DEGREES CONFERRED

The University conferred degrees during the years ended June 30, 2007 and 2006 as follows:

	<u>2007</u>	<u>2006</u>
Bachelors Degrees	628	631
Post-Baccalaureate Certificates	5	-
Masters Degrees	271	368
Total Degrees conferred	<u>904</u>	<u>999</u>

**STATE OF ILLINOIS
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FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

SCHEDULE OF TUITION AND FEE WAIVERS - UNDERGRADUATE

(in thousands of dollars)

	Tuition		Fees	
	Number of Waivers	Value of Waivers	Number of Waivers	Value of Waivers
<u>MANDATORY WAIVERS</u>				
(SUBTOTAL)	335	\$ 634.0	16	\$ 4.1
Veterans Grants & Scholarships	265	473.3	-	-
General Assembly	19	58.4	11	2.1
ROTC	19	48.7	5	2.0
Children of Employees	31	51.9	-	-
Senior Citizens	1	1.7	-	-
<u>DISCRETIONARY WAIVERS</u>				
(SUBTOTAL)	260	\$ 826.4	40	\$ 15.5
Civil Service	-	161.1	38	14.0
Academic/Other Talent	108	45.1	2	1.5
Athletic	16	330.2	-	-
Gender Equity in Intercollegiate Athletics	68	185.8	-	-
Student Need	29			
Special Programs	39	104.2	-	-
TOTAL	595	\$ 1,460.4	56	\$ 19.6

**STATE OF ILLINOIS
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ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

SCHEDULE OF TUITION AND FEE WAIVERS - GRADUATE

(in thousands of dollars)

	Tuition		Fees	
	Number of Waivers	Value of Waivers	Number of Waivers	Value of Waivers
<u>MANDATORY WAIVERS</u>				
(SUBTOTAL)	79	\$ 111.9	11	\$ 5.0
Veterans Grants & Scholarships	64	75.3	-	-
Teacher/Special Education	6	15.5	5	3.3
General Assembly	9	21.1	6	1.7
Senior Citizens	-	-	-	-
<u>DISCRETIONARY WAIVERS</u>				
(SUBTOTAL)	158	\$ 224.2	32	\$ 35.0
Faculty/Administrative (non-civil service)	43	62.9	15	16.9
Civil Service	51	79.2	15	16.0
Student Need Special Programs	6	11.6	-	-
Cooperating Professionals	35	23.6	2	2.1
Graduate Assistants Teaching Assistants	23	46.9	-	-
TOTAL	237	\$ 336.1	43	\$ 40.0

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY GUIDELINES
FOR THE YEAR ENDED JUNE 30, 2007**

The Auditor General requires that certain special data for audits of universities, specified in a memorandum dated July 25, 1983, be presented. The following information lettered (a) through (u), is provided in response to that requirement of the "University Guidelines - 1982 (As Amended 1997)". Our audit was made for the purposes described on pages 3 and 39 of our financial audit report and pages 6-9 of our compliance examination report, and would not necessarily disclose all situations which might be at variance with the following statements.

COMPLIANCE FINDINGS

- (a) There were no findings related to University Guidelines for the year ended June 30, 2007.

INDIRECT COST REIMBURSEMENTS

- (b) Refer to page 54 of this report for the sources and applications of indirect cost reimbursements for the year ended June 30, 2007.
- (c) Refer to page 70 of this report for calculation of allowable indirect cost carryforward and required remittances to the Income Fund.

TUITION CHARGES AND FEES

- (d) Chicago State University did not divert tuition to auxiliary enterprise operations.

AUXILIARY ENTERPRISES, ACTIVITIES AND ACCOUNTING ENTITIES

- (e) To comply with University Guidelines adopted by the State of Illinois Legislative Audit Commission in 1982, the University maintains separate sub-fund accounting entities to enforce legal prohibitions against inter-entity subsidies. Separate accounting entities are maintained for, and these financial statements cover, the following auxiliary enterprises and activities.

Accounting entities as defined by the 1982 Legislative Audit Commission Guidelines and their primary revenue source are as follows:

Auxiliary Enterprises:

University Facilities System Revenue Bond Fund:

This entity operates the Student Union Building and receives revenues principally from Student Union fees, rental, and user fees, and leased bookstore and food service commissions.

Parking Facilities:

The entity operates the University's parking facilities and receives revenues from parking fees.

Health Services:

This entity includes student health related operations of the Wellness Center and Insurance Support Services.

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CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY GUIDELINES
FOR THE YEAR ENDED JUNE 30, 2007**

Activities:

Public Services:

This entity is used for the operations of non-credit continuing education programs, training institutes, seminars and short courses. Revenues are derived from fees charged to participants in its programs, courses, etc. In addition, it provides testing services to various departments and students with its revenues derived from fees charged to its users.

Activities Services:

Service departments provide products or services to University departments. Revenue is produced through charge backs to users.

Revenues and expenditures are offset against each other and reported net in the University's financial statements presented in the Financial Statement section of this report. This entity includes the following services with revenues resulting from user charges:

Printing, duplicating, photocopying, plate making, and design services primarily to University departments.

Purchasing, controlling, and dispensing common supplies to University departments through Central Stores.

Providing teaching and instruction aids to students and departments.

Providing telecommunication and mailing services.

Providing and coordinating office machine maintenance service.

Student Activities:

This entity includes mandatory student fees and the expenditure of all student activities approved by the student government such as student newspaper and athletic activities.

Contract Courses:

This entity includes the tuition revenues of credit-bearing courses that are requested and fully paid for by government units, community organizations or private business.

Plant Fund Assets:

The amount disclosed for the Revenue Bond Fund includes the cost of the land and Student Union building.

- (f) Refer to pages 72-75 of this report for financial statements of each accounting entity.
- (g) Refer to page 71 for calculations of current excess funds for each entity.
- (h) Auxiliary Enterprises and Activities received no support from appropriated State funds.
- (i) A Statement of Revenue, Expenses, and Changes in Net Assets for the bond indenture required accounts is presented on page 35 of the financial audit report.

**STATE OF ILLINOIS
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SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY GUIDELINES
FOR THE YEAR ENDED JUNE 30, 2007**

- (j) The University Auxiliary Facilities System Revenue Bond Fund accounting conforms to the terms of the bond issue.
- (k) The University established a Development Reserve in 1992 with the approval of the Board of Governors System to fund the planning costs associated with the construction of the Student Center and Residence Hall. The funding source was generated by an increase to student mandatory fees as approved by student referendum.

UNIVERSITY RELATED ORGANIZATIONS

- (l) The University recognizes the Chicago State University Foundation (Foundation) as a University Related Organization. There are no organizations considered by the University to be "Independent Organizations" as defined in Section VII of "University Guidelines – 1982 (As Amended 1997)".
- (m) The University did not receive cash payments from the Foundation for services provided. However, the Foundation provided direct support to the University as illustrated on page 76 of this report.
- (n) The University provided funds (primarily in the form of services) of approximately \$323,487 to the Foundation for the year ended June 30, 2007.
- (o) There are no cumulative unreimbursed subsidies from the University or appropriated funds to the Foundation.
- (p) There is no debt financing provided by the Foundation.

OTHER TOPICS

- (q) Refer to page 50 for the Schedule of Cash, Temporary Cash Investments, and Investments as of June 30, 2007.
- (r) Income from the investment of pooled funds is regularly allocated and credited to the original sources of the funds.
- (s) Refer to pages 58, 59, and 61 for student enrollment and cost statistics.
- (t) The University acquired one parcel of real estate on the 9700 block of Cottage Grove and thirteen vacant lots in Chicago during fiscal year 2007 at a cost of \$338,110. The Foundation has not purchased any real estate during the year ended June 30, 2007.
- (u) There are no certificates of participation (COPS) or participation in lease or purchase agreements involving COPS for the year ended June 30, 2007.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2007**

**SCHEDULE OF INDIRECT COST FUNDS TO BE DEPOSITED INTO THE UNIVERSITY
INCOME FUND AS REQUIRED BY 1982 UNIVERSITY GUIDELINES (AS AMENDED 1997)**

CALCULATION SHEET FOR INDIRECT COST CARRYFORWARD

Current Available Funds	
Cash and cash equivalents	\$ (441,129)
Allowable Indirect Cost Carryforward	
Indirect cost reimbursements allocated for expenditure for the fiscal year completed (\$851,430 @ 30%)	255,429
Unallocated Reimbursements	-
Encumbrances and Current Liabilities	<u>(51,171)</u>
Total Allowable Indirect Cost Carryforward (Sum of Lines 2, 3 and 4)	<u>204,258</u>
AMOUNT TO BE REMITTED TO THE INCOME FUND	<u><u>NONE</u></u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY**

**SCHEDULE OF EXCESS FUNDS CALCULATION BY ENTITY AS REQUIRED BY 1982 UNIVERSITY GUIDELINES (1997 AMENDED)
FOR THE YEAR ENDED JUNE 30, 2007**

	AUXILIARY ENTERPRISES					ACTIVITIES				
	Bond Revenue	Parking	Student Health	Total Auxiliary Enterprises	Public Services	Activity Services	Student Activities	Continuing Education	Total Activities	
1. Current available funds	\$2,179,077	\$ 1,093,507	\$ (161,938)	\$3,110,646	\$1,017,420	\$ 1,580,226	\$ (2,710,796)	\$ 853,000	\$ 739,850	
Add:										
Cash and cash equivalents										
Total current available funds	A. 2,179,077	1,093,507	(161,938)	3,110,646	1,017,420	1,580,226	(2,710,796)	853,000	739,850	
2. Working capital allowance										
Add:										
Highest month's expenditures	1,537,888	311,490	727,860	2,577,216	155,020	1,607,400	1,808,287	239,897	3,810,604	
Encumbrances and current liabilities paid in lapse period	42,853	75,360	21,376	139,589	18,891	399,747	153,118	6,833	578,589	
Deferred income / Refundable deposits	170,815	4,965	18,085	193,865	13,681	12,670	52,109	(79)	78,381	
Allowance for restoring inventory to normal level	-	-	-	-	-	34,717	-	-	34,717	
Allowance for sick leave / vacation payouts	128,023	51,967	22,780	202,770	5,142	2,434	34,481	3,448	45,505	
Working capital allowance	B. 1,879,557	443,782	790,101	3,113,440	192,734	2,056,968	2,047,995	250,099	4,547,796	
3. Current excess funds:										
Deduct B from A and enter here	C. \$ 299,520	\$ 649,725	\$ (952,039)	(2,794)	\$ 824,686	\$ (476,742)	\$ (4,758,791)	\$ 602,901	(3,807,946)	
4. Calculation of income fund remittance:										
An entity may offset excess capital or current funds within the entity.										
Enter the amount to be offset, if any, here										
D.										
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund										

For the purposes of determining the amounts due to the Income Fund, Chicago State University considers the total Activities and the total Auxiliary Enterprises to be the level at which the excess funds calculations are to be made.

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
AS OF JUNE 30, 2007

BALANCE SHEETS - ENTITIES

(With Comparative Totals as of June 30, 2006)

	Auxiliary Enterprises				Activities				Total All Entities (Memorandum Only)			
	University Facilities		Student Health Services		Public Services		Activities Services		Student Activities		Contract Courses	
	Bond Fund	Parking Facilities	Revenue	Services	Services	Services	Services	Services	2007	2006	2007	2006
CURRENT UNRESTRICTED FUND ASSETS:												
Cash and cash equivalents	\$ 2,179,078	\$ 1,093,507	\$ -	\$ 1,017,420	\$ 1,580,226	\$ -	\$ 853,000	\$ -	\$ 5,968,757	\$ 6,723,231	\$ 5,968,757	\$ 1,070,568
Accounts receivable, net	220,430	27,139	239,449	18,025	253,596	296,392	-	-	1,055,031	1,055,031	1,070,568	1,922
Prepaid expenses	1,500	-	-	870	-	2,356	-	-	4,726	4,726	1,922	93,825
Other assets	93,825	-	-	-	-	-	-	-	93,825	93,825	93,825	59,592
Inventories	-	-	-	-	34,717	-	-	-	34,717	34,717	59,592	7,194,664
TOTAL ASSETS	\$ 2,494,833	\$ 1,120,646	\$ 239,449	\$ 1,036,315	\$ 1,868,539	\$ 298,748	\$ 853,000	\$ -	\$ 7,911,530	\$ 7,911,530	\$ 7,194,664	
CURRENT UNRESTRICTED FUND LIABILITIES AND FUND BALANCE:												
Bank overdraft	\$ -	\$ -	\$ 161,938	\$ -	\$ -	\$ 2,710,796	\$ -	\$ -	\$ 2,872,734	\$ 2,872,734	\$ 2,772,318	\$ 270,368
Accounts payable	(14,613)	73,757	21,145	7,375	344,631	92,629	2,657	-	527,581	527,581	270,368	82,970
Deposits	84,221	-	-	-	-	-	-	-	94,221	94,221	82,970	-
Wages payable	-	-	-	-	25,850	-	-	-	25,850	25,850	-	-
Deferred revenue	76,603	4,965	18,540	13,841	-	38,472	-	-	152,421	152,421	190,070	399,415
Accrued compensated absences	128,014	51,967	22,325	4,982	15,105	48,118	3,370	-	273,881	273,881	399,415	3,479,523
Fund balances (deficit), unrestricted	2,210,608	989,957	15,501	1,010,117	1,482,953	(2,591,267)	846,973	-	3,964,842	3,964,842	3,479,523	7,194,664
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,494,833	\$ 1,120,646	\$ 239,449	\$ 1,036,315	\$ 1,868,539	\$ 298,748	\$ 853,000	\$ -	\$ 7,911,530	\$ 7,911,530	\$ 7,194,664	
PLANT FUNDS ASSETS:												
Cash and cash equivalents	\$ 338,880	\$ 187,093	\$ -	\$ -	\$ 3,696,456	\$ 54,849	\$ -	\$ -	\$ 4,277,278	\$ 4,277,278	\$ 3,068,466	\$ 1,230,347
Investments	142,825	-	-	-	-	-	-	-	142,825	142,825	-	-
Investment in plant:												
Buildings & Improvements	24,755,945	884,141	-	1,908	6,287,288	19,538	274	-	31,949,094	31,949,094	31,943,226	3,576,108
Furniture and equipment	2,529,767	674,234	-	249,171	304,839	188,977	(189,899)	-	3,757,089	3,757,089	3,576,108	39,818,147
TOTAL ASSETS	\$ 27,787,417	\$ 1,745,468	\$ -	\$ 251,079	\$ 10,288,583	\$ 263,364	\$ (189,625)	\$ -	\$ 40,126,286	\$ 40,126,286	\$ 39,818,147	
PLANT FUNDS LIABILITIES AND FUND BALANCE:												
Accounts payable	\$ 323,490	\$ -	\$ -	\$ -	\$ 1,321,438	\$ -	\$ -	\$ -	\$ 1,644,928	\$ 1,644,928	\$ 1,161,246	\$ 21,645,000
Bond payable	20,860,000	-	-	-	-	-	-	-	20,860,000	20,860,000	4,695,869	392,988
Performance contract notes payable	-	-	-	-	4,695,869	-	-	-	4,695,869	4,695,869	392,988	11,923,044
Premium on bonds	370,531	-	-	-	-	-	-	-	370,531	370,531	11,923,044	39,818,147
Fund balances(deficit):	6,213,396	1,745,468	-	251,079	4,271,276	263,364	(189,625)	-	12,554,958	12,554,958	11,923,044	39,818,147
Net investment in plant	\$ 27,787,417	\$ 1,745,468	\$ -	\$ 251,079	\$ 10,288,583	\$ 263,364	\$ (189,625)	\$ -	\$ 40,126,286	\$ 40,126,286	\$ 39,818,147	

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2007

STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
CURRENT UNRESTRICTED FUNDS

(with comparative totals for the Year Ended June 30, 2006)

	Auxiliary Enterprises						Activities		Total All Entities (Memorandum Only)	
	University Facilities Revenue Bond Fund	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Contract Courses	2007	2006	
REVENUES:										
Operating	\$ 2,853,742	\$ 1,059,502	\$ 66,946	\$ 297,351	\$ 3,331,323	\$ 490,910	\$ 470,704	\$ 8,570,478	\$ 9,305,942	
Student fees	1,994,573	-	1,602,763	181,944	-	1,496,173	-	5,275,453	5,485,710	
State fringe benefits	-	-	-	-	-	-	-	-	-	
Other	78,860	-	365	34,384	182,368	908	-	296,885	205,970	
TOTAL REVENUES	4,927,175	1,059,502	1,670,074	513,679	3,513,691	1,987,991	470,704	14,142,816	14,997,622	
EXPENDITURES:										
Cost of sales	-	-	-	-	745,449	-	-	745,449	609,012	
Personal services	1,103,637	604,721	339,147	221,756	1,164,947	578,405	371,921	4,384,534	3,709,015	
Expended for plant	44,843	-	8,968	3,343	112,365	9,895	6,771	186,185	196,314	
Commodities	104,176	42,025	30,520	31,876	99,433	165,334	9,377	482,741	350,689	
Contractual services	1,666,938	50,444	1,341,610	99,562	497,313	1,068,723	48,544	4,773,134	3,954,635	
Other (travel, telecommunications, excess funds refunds, fund transfers)	34,313	84,013	6,495	4,934	120,826	695,794	2,471	948,846	362,049	
TOTAL EXPENDITURES	2,953,907	781,203	1,726,740	361,471	2,740,333	2,518,151	439,084	11,520,889	9,181,714	
TRANSFERS OUT:										
Principal and interest	1,985,381	-	-	13,040	601,443	(500,000)	36,732	2,136,596	4,391,796	
Total Transfers Out	1,985,381	-	-	13,040	601,443	(500,000)	36,732	2,136,596	4,391,796	
TOTAL EXPENDITURES AND TRANSFERS OUT	4,939,288	781,203	1,726,740	374,511	3,341,776	2,018,151	475,816	13,657,485	13,573,510	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND TRANSFERS OUT	\$ (12,113)	\$ 278,299	\$ (56,666)	\$ 139,168	\$ 171,915	\$ (30,160)	\$ (5,112)	\$ 485,331	\$ 1,424,112	

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2007

STATEMENT OF CHANGES IN FUND BALANCES
CURRENT UNRESTRICTED FUND

(With Comparative Totals for the Year Ended June 30, 2006)

	Auxiliary Enterprises					Activities					Total All Entities (Memorandum Only)	
	University Facilities Revenue Bond Fund	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Contract Courses	2007	2006			
REVENUES	\$ 4,927,175	\$ 1,059,502	\$ 1,670,074	\$ 513,679	\$ 3,513,891	\$ 1,987,991	\$ 470,704	\$ 14,142,816	\$ 14,987,622			
EXPENDITURES:												
Educational and general	-	-	1,726,740	361,471	2,740,333	2,518,151	439,084	7,785,779	6,498,544			
Auxiliary enterprise	2,953,907	781,203	-	-	-	-	-	3,735,110	2,683,170			
Total Expenditures	<u>2,953,907</u>	<u>781,203</u>	<u>1,726,740</u>	<u>361,471</u>	<u>2,740,333</u>	<u>2,518,151</u>	<u>439,084</u>	<u>11,520,889</u>	<u>9,181,714</u>			
TRANSFERS:												
Principal and interest	(1,985,381)	-	-	(13,040)	(601,443)	500,000	(36,732)	(2,136,596)	(4,391,796)			
Total Transfers Out	<u>(1,985,381)</u>	<u>-</u>	<u>-</u>	<u>(13,040)</u>	<u>(601,443)</u>	<u>500,000</u>	<u>(36,732)</u>	<u>(2,136,596)</u>	<u>(4,391,796)</u>			
Net Increase (Decrease) in Fund Balance	(12,113)	278,299	(56,666)	139,168	171,915	(30,160)	(5,112)	485,331	1,424,112			
Fund Balance (Deficit), Beginning of Year	2,222,723	711,656	72,168	870,949	1,311,044	(2,561,105)	852,088	3,479,523	2,055,411			
FUND BALANCE (DEFICIT) END OF YEAR	<u>\$ 2,210,610</u>	<u>\$ 989,955</u>	<u>\$ 15,502</u>	<u>\$ 1,010,117</u>	<u>\$ 1,482,959</u>	<u>\$ (2,591,265)</u>	<u>\$ 846,976</u>	<u>\$ 3,964,854</u>	<u>\$ 3,479,523</u>			

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR THE AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2007

STATEMENT OF CHANGES IN FUND BALANCES
PLANT FUNDS

(With Comparative totals for the Year Ended June 30, 2006)

	Auxiliary Enterprises				Activities			Total All Entities (Memorandum Only)	
	University Facilities Revenue Bond Fund	Parking Facilities	Public Services	Activities Services	Student Activities	Continuing Education	2007	2006	
REVENUES AND OTHER ADDITIONS:									
Interest Income	\$ 54,044	-	\$ -	\$ -	-	\$ -	\$ 54,044	\$ 57,071	
Expended for plant	220,778	33,930	-	-	-	-	254,708	43,706	
Retirement of debt	785,000	-	-	-	-	-	785,000	755,000	
Total Revenues and Other Additions	1,059,822	33,930	-	-	-	-	1,093,752	855,777	
EXPENDITURES AND OTHER DEDUCTIONS:									
Principal and interest on Debt	1,823,255	-	-	117,530	-	-	1,940,785	2,227,091	
Property disposals	-	-	-	-	-	-	-	14,061	
Contractual and other deductions	1,157,649	-	-	-	-	-	1,157,649	489,037	
Total Expenditures and Other Deductions	2,980,904	-	-	117,530	-	-	3,098,434	2,730,189	
TRANSFERS IN:									
Principal and interest	1,819,980	-	-	816,616	-	-	2,636,596	2,891,796	
Bond Reserves	-	-	-	-	-	-	-	1,500,000	
Total Transfers In (Out)	1,819,980	-	-	816,616	-	-	2,636,596	4,391,796	
Net Increase (Decrease) in Fund Balance	(101,102)	33,930	-	699,086	-	-	631,914	2,517,384	
Fund Balance (Deficit), Beginning of Year	6,314,498	1,711,538	251,079	3,572,190	263,364	(189,625)	11,923,044	9,405,660	
FUND BALANCE (DEFICIT), END OF YEAR	\$ 6,213,396	\$ 1,745,468	\$ 251,079	\$ 4,271,276	\$ 263,364	\$ (189,625)	\$ 12,554,958	\$ 11,923,044	

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2007**

SUMMARY OF FOUNDATION CASH SUPPORT TO THE UNIVERSITY

The Chicago State University Foundation (Foundation) is considered a University-related organization under section VI of the University guidelines. Its contractual relationship to the University is described in "related party transactions", Note 9 of the Foundation's financial statements. During the current fiscal year, the University provided administrative support services valued at \$323,487 to the Foundation. The contract requires the Foundation to provide the University with fund-raising and other services. These services resulted in the Foundation's unrestricted expenditures described below, which qualify as "reimbursements" to the University in the University guidelines computation. Current year Foundation-restricted expenditures, which do not qualify as "reimbursements", are also described below.

Expenditures Considered Unrestricted for
Purposes of the Guidelines Computation:

Totally Unrestricted	\$ 161,458
Restricted Only as to College or Department	<u>665,428</u>

Total Funds Considered Unrestricted	<u>\$ 826,886</u>
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Expenditures Considered Restricted for
Purposes of the Guideline Computations:

Given for Scholarships	\$ 211,965
Total Funds Considered Restricted	<u>\$ 211,965</u>

TOTAL FUNDS PROVIDED BY THE FOUNDATION TO SUPPORT THE UNIVERSITY	<u>\$ 1,038,851</u>
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