

**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, 2005

**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, 2005

TABLE OF CONTENTS

	<u>Page No.</u>
Table of Contents	1
Agency Officials	3
Management Assertion Letter	4
Compliance Report	
Summary	6
Accountants' Reports	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	8
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	12
Schedule of Findings and Questioned Costs	
Summary of Auditors' Results	14
Current Findings – Federal	16
Current Findings – State	20
Prior Findings Not Repeated – <i>Government Auditing Standards</i>	30
Prior Findings Not Repeated – State	30

Financial Statements (Have been issued under separate cover)

**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, 2005

TABLE OF CONTENTS

	<u>Page No.</u>
Supplementary Information for State Compliance Purposes	
Summary	31
Fiscal Schedules and Analysis	
Schedule of Expenditures of Federal Awards	32
Notes to the Schedule of Expenditures of Federal Awards	36
Schedule of Appropriations, Expenditures and Lapsed Balances	37
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	38
Schedule of Efficiency Initiative Payments	39
Comparative Schedule of Income Fund Revenues and Expenditures	40
Schedule of Changes in State Property	41
Analysis of Significant Variations in Revenues and Expenses	42
Comparative Schedule of Cash, Temporary Cash Investments, and Investments - at Market Value	43
Analysis of Significant Variations in Asset and Liability Accounts	44
Analysis of Significant Lapse Period Expenditures	44
Analysis of Accounts Receivable	45
Schedule of Sources and Applications of Indirect Cost Recoveries	46
Analysis of Operations	
Agency Functions and Planning Program	47
Average Number of Employees (Unaudited)	50
Comparative Enrollment Statistics (Unaudited)	50
Statistical Summary (Unaudited)	52
Comparative Schedule of Unrestricted Current Fund Expenditures per Full-time Equivalent Students as Reported to the Board of Higher Education (Unaudited)	53
Emergency Purchases	54
Illinois First Program	54
Schedule of Federal and Nonfederal Expenditures	55
Schedule of Degrees Conferred (Unaudited)	56
Schedule of Tuition and Fee Waivers (Unaudited)	57
Classroom Utilization Schedule (Unaudited)	59
Special Data Requirements for Audits of Universities	
University Reporting in Accordance With University Guidelines	60
Schedule of Indirect Cost Funds to be Deposited into the University Income Fund as Required by 1982 University Guidelines (1997 Amended)	63
Schedule of Excess Funds Calculation by Entity as required by 1982 University Guidelines (1997 Amended)	64
Entities' Financial Statements	
Balance Sheets	65
Statement of Revenues, Expenditures and Transfers—Current Unrestricted Funds	66
Statement of Changes in Fund Balance – Current Unrestricted Funds	67
Statement of Changes in Fund Balance – Plant Funds	68
Summary of Foundation Cash Support to the University	69

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY**

AGENCY OFFICIALS

CHICAGO STATE UNIVERSITY

President	Dr. Elnora D. Daniel
Senior Vice President Administrative & External Affairs (through March 1, 2005)	Mr. Sylvius S. Moore, Jr.
Assistant Vice President & Director of Financial Affairs (through March 1, 2005)	Mr. Alan D. Robertson, CPA
Vice President Administration and Financial Affairs (from March 1, 2005 through the present)	Mr. Alan D. Robertson, CPA
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



9501 S. King Drive / ADM 313
Chicago, Illinois 60628-1598

December 20, 2005

Nykiel, Carlin & Co., Ltd.
Certified Public Accountants
200 E. Court St., Suite 608
Kankakee, IL 60901

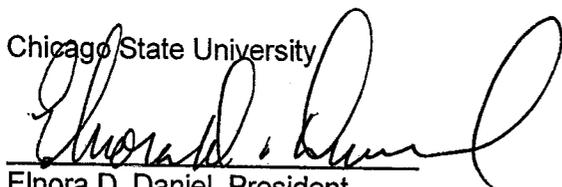
Ladies and Gentlemen:

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 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 Chicago State University's compliance with the following assertions during the year ended June 30, 2005. Based on this evaluation, we assert that during the year ended June 30, 2005, Chicago State University has materially complied with the assertions below.

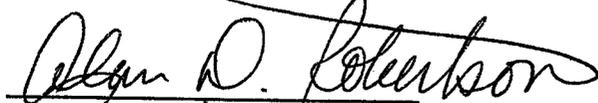
- A. Chicago State University has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. Chicago State University has obligated, expended, received and used public funds of the State 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. 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. The 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,

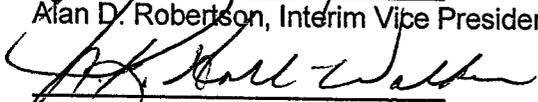
Chicago State University



Elnora D. Daniel, President



Alan D. Robertson, Interim Vice President of Administration and Financial Affairs



Nancy K. Hall-Walker, Vice President and 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>This Report</u>	<u>Prior Report</u>
Findings	9	5
Repeated findings	3	2
Prior recommendations implemented or not repeated	2	1

Details of findings are presented in a separately tabbed report section.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
<u>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</u>		
05-1	16	Inadequate Documentation for Federal Program Expenditures
05-2	18	Failure to Provide Matching Funds for Federal Program
05-3	19	Inadequate Control Procedures to Notify Pass-through Grantors of Audit Results
<u>FINDINGS (STATE COMPLIANCE)</u>		
05-4	20	Inadequate Controls over Equipment and Related Records
05-5	23	Failure to File Contracts with the State Comptroller
05-6	24	Time Sheets not Maintained in Compliance with the State Officials and Employees Ethics Act
05-7	26	Failure to Complete Ethics Training within Six Months of Employment
05-8	27	Non-compliance with Travel Regulations
05-9	29	Non-compliance with the University Facilities Revenue Bond Indenture
<u>PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)</u>		
None		
<u>PRIOR FINDINGS NOT REPEATED (GOVERNMENT AUDITING STANDARDS)</u>		
05-10	30	Generally Accepted Accounting Principles (GAAP) Not Properly Applied to Voluntary Nonexchange Transactions
<u>PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)</u>		
05-11	30	Computer Security Weaknesses

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY

COMPLIANCE REPORT

SUMMARY

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on January 30, 2006. Attending were:

Representing Chicago State University

President
Vice President Administration and Financial Affairs
Associate Vice President Sponsored Programs
Director of Internal Audit
Director of Accounting
Assistant Director of Accounting
Interim Vice President of Budget, Facilities and
Risk Management

Dr. Elnora Daniel
Mr. Alan D. Robertson, CPA
Mr. Kenneth Koroma
Mr. John C. Meehan
Mr. Jamshaid Nasim
Ms. Louise Williams, CPA

Dr. Dean Justmann

Representing Nykiel, Carlin & Co., Ltd.

Principal
Manager

Mr. Paul A. Pelletier, CPA
Ms. Carri L. Goodman, CPA

Representing the Office of the Auditor General

Audit Manager

Mr. Thomas L. Kizziah, CPA

Responses to the recommendations were provided by Mr. Alan D. Robertson in a letter dated February 7, 2006.

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, 2005. 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.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about Chicago State University's compliance with those requirements 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.

In our opinion, Chicago State University complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2005. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as findings 05-1 thru 05-9. 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 of laws and regulations. In planning and performing our examination, we considered Chicago State University's internal control over compliance with the aforementioned requirements 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.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control 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 05-1 thru 05-9. 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.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements 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, 2005, and have issued our report thereon dated December 20, 2005. 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 2005 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, 2005 taken as a whole. We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Chicago State University and its discretely presented component unit, for the year ended June 30, 2004. In our report dated December 22, 2004, we expressed unqualified opinions on the basic financial statements. In our opinion, the 2004 Supplementary Information for State Compliance Purposes, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2004, taken as a whole. The fiscal year 2003 comparative information has been derived from Chicago State University's basic financial statements as of and for the year ended June 30, 2003, which was audited by other auditors who expressed unqualified opinions on the basic financial statements in their report dated December 3, 2003.

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

Nykiel Carlén & Co., Ltd.

NYKIEL, CARLIN & CO., LTD.
Kankakee, Illinois

December 20, 2005

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements 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, 2005, and have issued our report thereon dated December 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chicago State University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness. However, we noted certain instances of internal control deficiencies, which we have reported to management of the State of Illinois, Chicago State University in a separate letter dated December 20, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chicago State University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which are reported as State compliance findings in the schedule of findings. We also noted certain other matters which we have reported to management of the State of Illinois, Chicago State University in a separate letter dated December 20, 2005.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Agency management, and 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.

Nykiel, Carlin & Co., Ltd.

NYKIEL, CARLIN & CO., LTD.

Kankakee, Illinois

December 20, 2005

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, 2005. 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 05-1 in the accompanying schedule of findings and questioned costs, Chicago State University did not comply with requirements regarding allowable costs / cost principles that are applicable to its South Africa Area Initiative program. Compliance with such requirement is necessary, in our opinion, for Chicago State University to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2005. 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 item 05-2.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Chicago State University's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-1, 05-2, and 05-3

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that could be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements 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, 2005, and have issued our report thereon dated December 20, 2005. 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, Agency management, 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.

Nykiel, Carlin & Co., Ltd.

NYKIEL, CARLIN & CO., LTD.
Kankakee, Illinois

December 20, 2005

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) identified that are not considered to be material weakness(es)? x 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? x 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
Nursing Student Loans	93.364
TRIO Cluster	
Student Support Services	84.042
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
Education and Human Resources	47.076
Engineering Grants	47.041
Educational Partnership Program	11.481
Child Health and Human Development Extramural Research	93.865
The 19 th Annual National Conference of the Black Physics Students	43.
Social Services Block Grant	93.667
South Africa Area Initiative	98.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

I. SUMMARY OF AUDITORS' RESULTS (continued)

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

\$ 661,396

Auditee qualified as low-risk auditee?

 yes x no

II. FINANCIAL STATEMENTS FINDINGS

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Findings 05-01, 05-02, and 05-03

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – FEDERAL

05-1 FINDING: INADEQUATE DOCUMENTATION FOR FEDERAL PROGRAM EXPENDITURES

Chicago State University (University) did not have supporting documentation and proper approvals for expenditures charged to federal programs and charged lodging and airfare costs in excess of standard travel costs to a federal program. As a result, the University had known questioned costs of \$20, 179.

We noted the following deficiencies related to the major programs noted below:

Federal Department: U.S. Department of Education

CFDA Numbers: 84.042, 84.047, 84.066

Program Name: TRIO Cluster

Questioned Cost: known questioned costs \$240 ((\$2,701) projected error)

(known questioned costs were found in the Upward Bound program)

During our review of 40 expenditures, we noted the following:

- One of forty (3%) expenditures (\$1,050) was an advance payment of travel per-diem for student meals (35 students @ \$10/ day for 3 days). However, the University never followed up on the funds advanced and the number of actual student travelers (27 students) was less than the amount for which payment was advanced by \$240. This \$240 was never refunded to the University or credited to the grant account.

Federal Department: U.S. Department of Health and Human Resources; National Oceanic & Atmospheric Administration, National Science Foundation, and National Aeronautics and Space Administration

CFDA Numbers: 93.859, 93.865, 93.242, 47.076, 11.481, 43.

Program Name: R&D Cluster

Questioned Cost: known questioned costs \$12,313 (\$113,133 projected error)

(known questioned costs were found in the Educational Partnership program and the MBRS programs)

During our review of 40 expenditures, we noted the following:

- The University could not provide documentation for three of forty (8%) expenditures (\$12,313) tested.

Federal Department: U.S. Agency for International Development

CFDA Number: 98

Program Name: South Africa Area Initiative

Questioned Cost: known questioned costs \$7,626 (\$7,759 projected error)

During our review of 40 expenditures, we noted the following (some exceptions are noted in more than one bullet point):

- The University could not provide documentation for three of forty (8%) expenditures (\$942) tested.
- Two of forty (5%) expenditures (\$4,324) were for prepayments of hotel accommodations. However, the University never followed up on the funds advanced or obtained receipts from travelers.
- Five of forty (13%) payment packages (\$3,029) did not include a vendor invoice to support the payment made, thus, timing and allowability of expenditure could not be verified.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – FEDERAL

05-1 FINDING: INADEQUATE DOCUMENTATION FOR FEDERAL PROGRAM EXPENDITURES (continued)

- Two of forty (5%) payment packages (\$4,324) were for hotel accommodations, which were charged at lodging rates that were excessive (\$329 and \$199 per night).
- Two of forty (5%) expenditures (\$3,931) were for travel or services provided after or before the grant period (outside of the period of availability).
- Two of forty (5%) expenditures (\$1,090) were not properly approved prior to services being provided or travel being taken.

OMB Circular A-110 Section 53(b) requires that financial records, supporting documentation, statistical records, and other records pertinent to an award shall 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-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.

OMB Circular A-110 Section 28 states that where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency.

University officials stated that travel advances are infrequent and limited to certain groups and are done to accommodate unusual or immediate travel needs. The fiscal officers are responsible to follow-up on the liquidation of these advances and apparently overlooked following-up on the exceptions noted. Supporting documents are attached to the vouchers when they were processed for payment and the missing support may have been misplaced when the files were reorganized. The lodging costs in excess of standard travel costs were incurred due to special or business needs of the travelers and were deemed reasonable under the circumstances.

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. 05-1, 04-01, 03-1)

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, and 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. Further, the University should timely reconcile travel advances with actual invoices submitted by travelers and follow up on any exceptions noted and recoup any funds due to the University.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University will strengthen compliance with its established policies and procedures related to documentation, filing, approvals and appropriate documentation for non-standard travel costs. The University will commit its resources to improve its controls to ensure the above conditions do not repeat in the future. The University will also reconcile travel advances with actual vendor invoices in a timely manner and will properly document the necessity for any non-standard travel costs.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – FEDERAL

05-2 FINDING: FAILURE TO PROVIDE MATCHING FUNDS FOR FEDERAL PROGRAM

Federal Department: U.S. Department of Education

CFDA Numbers: 84.042

Program Name: Student Support Services

Questioned Cost: known questioned costs \$10,074

Chicago State University (University) failed to provide required matching funds for a Federal Award Program.

During our testing of the Student Support Services Program, we requested the University provide us with detailed information of the match it had provided for the program. The University did provide us with evidence of its matching contribution made for the project year that ended August 31, 2005. In the previous fiscal year, the University stated that they had until the grant closeout to make the required match. Since the final year of the project ended August 31, 2005, we requested documentation to determine whether the matching contribution for the project year that ended August 31, 2004 had been made. The University did provide us with a copy of a letter from the principal investigator asking for the matching contribution to be made, but they could not show us any documentation in their general ledger that the matching contribution had been made. The grant agreement requires the University to match, in cash, 33% of amounts paid out as grants to students. For the project year that ended August 31, 2004, the University made grants to students of \$30,222, resulting in a required match of \$10,074 for that project year.

University officials believe that the match was made. However the University, at this time is unable to identify the accounting transaction in the general ledger.

Failure to properly provide matching funds for grant programs may jeopardize future federal funding. (Finding Code Nos. 05-2, 04-02)

RECOMMENDATION

We recommend the University improve its policy for monitoring its compliance with the terms of grant agreements.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University will develop additional compensating controls for monitoring its compliance with the terms of grant agreements.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – FEDERAL

05-3 FINDING: INADEQUATE CONTROL PROCEDURES TO NOTIFY PASS-THROUGH GRANTORS OF AUDIT RESULTS

Chicago State University (University) did not have adequate procedures to ensure compliance with Office of Management and Budget (OMB), Circular A-133's requirement to notify pass-through grantors of the results of the University's audit.

We inquired of the University's Office of Sponsored Programs as to the University's procedures for notifying pass-through grantors of the results of the University's Single Audit. University personnel indicated that they send a copy of the University's audit reports to those pass-through grantors that request a copy. We selected 5 pass-through grants that were reported on the University's fiscal year 2004 Schedule of Expenditures of Federal Awards, and requested to see documentation of the University having notified pass-through grantors of their audit results. The University could not provide any such documentation.

OMB Circular A-133 section 320(e) requires subrecipients of Federal funds to notify pass-through entities by either submitting a copy of the reporting package, as defined in section 320(c) to each pass-through entity, (required method when the program funded by the pass-through entity has reported findings or questioned costs or reports on the status of prior findings) or (allowed method, when there are no current or prior year findings and questioned costs related to the program funded by pass-through entity) by providing written notification stating that an audit was done in accordance with OMB Circular A-133, the Schedule of Findings and Questioned Costs disclosed no findings related to the program, and the summary schedule of prior audit findings did not report on the status of prior findings related to the program funded by pass-through entity.

University officials stated that the grant agreements for all of the grants identified did not require any reports to be submitted to the grantor and it is the University's understanding that the pass-through entities do not require any other notification. In addition, the pass-through entities have never cited them for noncompliance on this notification requirement. Some of the grantors obtained the audited reports as part of their annual procedures.

Failure to adhere to Federal regulations is indicative of an inability to properly administer Federal programs, and could result in the loss of Federal funding. (Finding Code No. 05-3)

RECOMMENDATION

We recommend the University implement procedures to ensure that all pass-through entities are informed of the University's audit results as required by OMB Circular A-133.

UNIVERSITY RESPONSE

The University agrees with this finding. The University will implement procedures to ensure that all pass-through entities are informed of the University's audit results as required by OMB Circular A-133.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-4 FINDING: INADEQUATE CONTROLS OVER EQUIPMENT AND RELATED RECORDS

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

In performing our tests of University equipment and property control, we found exceptions with 20 of the 124 (16%) items that were sampled. The following exceptions were noted:

- Fourteen items (primarily cameras and computer equipment), with a total cost of \$20,983, could not be located by University personnel. One of these items (a camera lens), with a cost of \$1,478, could not be located because it was reported as stolen in June of 2004, but was never removed from property control records. Another of these items (a camera), with a cost of \$607, could not be located because it had been returned by University personnel to the manufacturer and a different item with the same capability was received in return, but the property records were not updated to remove the original item and add the new item, nor was the new item tagged by the University. The remaining items simply could not be located by University personnel.
- Five items, with a cost of \$3,801 were found at a location other than the location listed in the property control records.
- One item (a laptop computer), with a cost of \$3,610, was noted to be taken off-campus regularly by University personnel. However, the University was unable to provide a Property Control Memorandum (a form which authorizes the user to take the item off-campus) for this item.

We also noted that the University submitted a property listing (listing) to the Department of Central Management Services which was inaccurate. The following errors were noted on the listing:

- Four items on the listing were reported with a cost of \$302,184. The proper cost of these four items was \$7,224. Also, one of these items had a cost below \$500 (\$251) and was not readily subject to theft, so it was not required to have been included on this list at all.
- One item, with a cost of \$1,478, which was stolen in fiscal year 2004 was still included on the listing.
- Two items (a mastercycler and a patient simulator), with a total cost of \$6,188, were not included on the listing. In addition, we noted that no cameras or calculators owned by the University were included on the listing as being items subject to theft.
- Twelve items were listed twice on the listing with different cost amounts. The University was unable to provide support to determine the actual correct costs.

In addition, we noted that a building improvement (\$17,500) for an air conditioner replacement was added twice to the property control records in fiscal year 2004, and was reported in the fiscal year 2004 finding. This duplication was not corrected in fiscal year 2005, and had actually been entered again as the University recorded it two more times in fiscal year 2005. This overstated the University's capital assets on its financial statements by \$57,250 (less the depreciation taken).

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-4 FINDING: INADEQUATE CONTROLS OVER EQUIPMENT AND RELATED RECORDS (continued)

Department of Central Management Services Property Control Rules (44 Ill. Admin Code 5010) requires all changes in equipment records be made within 30 days and also states that the purchase price is the price of the equipment delivered and installed. The State Property Control Act (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for the supervision, control, and inventory of all property under their jurisdiction to ensure the proper accounting and safeguarding of State assets. Good business practice requires that equipment be properly safeguarded against theft and misuse. The State Property Control Act (30 ILCS 605/6.02) requires responsible officers to maintain a permanent record of all items of property under his jurisdiction and control and to submit a listing of the permanent record at least annually. Good business practice requires that this record be accurate and complete.

University officials stated these exceptions occurred due to lack of staff and the loss of the property control manager. The property manager position was not filled until September, 2005. In addition, the property accountant position was also vacated in June and was not filled until September, 2005. Consequently, there has been a backlog in many functions, including the updating of the property records, reconciliation and investigation of physical count results, reconciliation of expenditure records and property additions.

Inaccurate property control records result in incorrect accounting information and could cause unnecessary equipment expenditures and inaccurate financial reporting. Equipment that is not adequately safeguarded from theft and misuse could lead to a loss of State assets. (Finding Code No. 05-4, 04-04, 03-03, 02-07, 01-07, 00-05, 99-09, 98-04, 97-09)

RECOMMENDATION

We recommend the University adhere to its procedures to ensure that the property and equipment records are properly maintained and that equipment should be adequately safeguarded.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University experienced a difficult year in terms of staff turnovers in the Property Control area, including vacant positions, medical leave, and new personnel. The above situations may be attributed to staffing issues. The University lost its veteran property control manager early in the fiscal year 2005. The property manager position was not filled until September, 2005. In addition, the property accountant position was also vacated in June and was not filled until September, 2005. Consequently, there has been a backlog in many functions, including the updating of the property records, reconciliation and investigation of physical count results, reconciliation of expenditure records and property additions. The University will ensure its policies and procedures related to property and equipment records are observed and that the University's assets are safeguarded.

The University has adopted several measures to reduce the number of exceptions in the area of property control over past few years. The following measures were taken during the prior years in an attempt to mitigate and finally reduce the findings in this area:

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005

CURRENT FINDINGS – STATE

05-4 FINDING: INADEQUATE CONTROLS OVER EQUIPMENT AND RELATED RECORDS (continued)

- Conducted training sessions for the staff responsible for the property in their respective department's prior fiscal years annual physical inventory required by the Department of Central Management Services (DCMS).
- Published the federal, state and the University's rules, regulations, policies and procedures covering areas such as property additions, deletions, dispositions and transfers.
- Provided detailed instructions to fill out various forms used while transferring or disposing of property to ensure Property Control System is updated immediately.

The University believes that once the department is properly staffed, it will help reduce the audit exceptions in property control.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-5 FINDING: FAILURE TO FILE CONTRACTS WITH THE STATE COMPTROLLER

Chicago State University (University) did not file all contracts with the Illinois Office of the Comptroller (IOC).

Our testing of 25 contractual service expenditures included 19 expenditures required to have written contracts. None of the 19 contracts were filed with 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 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 the past practice of the University was to file such contracts with the State; however, the University was informed by the Comptroller's Office not to file locally held contracts with the State but to keep such contracts filed in house. The University is in the process of filing such contracts written in fiscal year 2006 with the State Comptroller's office to comply with this requirement.

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

RECOMMENDATION

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

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University began implementing the auditors' recommendation in September 2005.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-6 FINDING: TIME SHEETS NOT MAINTAINED IN COMPLIANCE WITH THE STATE OFFICIALS AND EMPLOYEES ETHICS ACT

Chicago State University (University) did not require time sheets for all of its employees in compliance with the State Officials and Employees Ethics Act (Act).

Of the 25 employees' time sheets that were examined, 7 (all faculty members) did not submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.

The Act requires the University (through policies adopted by the Illinois Board of Higher Education) to adopt personnel policies consistent with the Act. 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."

University officials stated that all administrative personnel submit time sheets and faculty have an established time reporting system, which management believes is consistent with the substance of the Act. In addition, the University received a memo from the Executive Inspector General and the General Counsel Office of the Inspector General that states "it appears that a system of absence reporting would be an appropriate method of time keeping under the Ethics Act. Under this system, an employee would only report time during their normal work schedule that was not spent at work and provide the category of leave taken for that time away."

By not requiring appropriate time sheets from all its employees, the University is not in compliance with the Act. (Finding Code No. 05-6)

RECOMMENDATION

We recommend that the University require all employees to maintain time sheets in compliance with the Act.

UNIVERSITY RESPONSE

The University does not agree with the recommendation. The University believes that all administrative personnel submit time sheets and faculty have an established time reporting system, which management believes is consistent with the substance of the Act. In addition, the University received a memo from the Executive Inspector General and the General Counsel Office of the Inspector General that states "it appears that a system of absence reporting would be an appropriate method of time keeping under the Ethics Act. Under this system, an employee would only report time during their normal work schedule that was not spent at work and provide the category of leave taken for that time away."

AUDITORS' COMMENT

The State Officials and Employees Ethics Act defines "State agency" to include "public institutions of higher learning. . ." 5 ILCS 430/1-5. Chicago State University is defined as a "public institution of higher learning" in Section 2 of the Higher Education Cooperation Act. . ." 110 ILCS 220/2. Further, the State Officials and Ethics Act defines "State employee" to be "any employee of a State agency." 5 ILCS 430/1-5.

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005

CURRENT FINDINGS – STATE

05-6 **FINDING: TIME SHEETS NOT MAINTAINED IN COMPLIANCE WITH THE STATE OFFICIALS AND EMPLOYEES ETHICS ACT (continued)**

As noted in the finding, the State Officials and Employees Ethics Act requires "State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour. . ." 5 ILCS 430/5-5 (c). This timekeeping requirement went into effect March 1, 2004. The negative timekeeping system used for University faculty requires those employees to report only time away from State business, not the time spent each day on State business. Further, it is logical to assume that, by adopting this language, the legislature meant to effect a change in the method used by State employees to record their time - that is, to adopt a positive timekeeping system. Finally, the memorandum from the Office of Executive Inspector General upon which the University relied in maintaining its customary negative timekeeping system for several categories of its employees clearly states that it "is not a legal opinion."

The auditors continue to believe that a positive timekeeping system for State employees is required by the State Officials and Employees Ethics Act. If the University disagrees with this conclusion, we further recommend that it seek a formal, written opinion from the Attorney General's Office on the requirements of this statutory provision.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-7 FINDING: FAILURE TO COMPLETE ETHICS TRAINING WITHIN SIX MONTHS OF EMPLOYMENT

Chicago State University (University) did not provide ethics training within six months of initial employment for certain individuals hired during fiscal year 2005 in accordance with the State Officials and Employees Ethics Act (Act).

During our examination of 25 employees hired during fiscal year 2005, we determined that the University did not provide initial ethics training as required by the Act to five of its employees tested.

The State Officials and Employees Ethics Act (5 ILCS 430/5-10) states that a person who fills a vacancy in an elective or appointed position that requires training and a person employed in a position that requires training must complete his or her initial ethics training within six months after commencement of his or her office or employment.

University officials stated that this condition is attributed to employee turnover in the Human Resources function.

Failure to provide ethics training within the required time frame may cause employees to be unaware of specific ethical requirements of State officials and employees and results in noncompliance with the Act. (Finding Code No. 05-7)

RECOMMENDATION

We recommend the University develop procedures to ensure that newly hired employees receive the appropriate ethics training within the first six months of their initial date of employment in accordance with the Act.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University believes that the above situations are isolated incidents, and resulted due to the staff turnover. The University maintains that it has implemented adequate procedures in compliance with the Act.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-8 FINDING: NON-COMPLIANCE WITH TRAVEL REGULATIONS

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

Our examination of 25 travel reimbursements/invoices revealed:

- One reimbursement request (\$752) did not include an approved travel authorization form and the traveler was reimbursed \$752 even though the reimbursement request was for \$744.
- Three reimbursement requests (\$4,505) for travel outside the 48 contiguous states were not approved by the University President and three reimbursement requests (\$5,913) were approved by the University President subsequent to the travel.
- One reimbursement request (\$4,307) did not have receipts or invoices to support the travel or hotel expenditures.
- One invoice (\$1,016) was for chartered bus service, but the purpose of the travel was not stated on the payment package.
- One invoice (\$900) included collision damage waiver fees (\$347) and personal accident insurance (\$231) charged for a van rental, even though the Illinois Travel Regulation Council's rules state that these are not reimbursable expenses.
- Six reimbursements/invoices did not have any evidence of conference brochures, agendas or scheduling to verify the dates and times of conferences were as indicated.
- Three invoices/reimbursement requests included lodging rates in excess of those allowed by the Travel Control Board. The Travel Control Board allows \$110 per night for all cities outside of Illinois. The University allowed charges of \$184, \$175, and \$208 per night and the University could not provide any evidence of these being conference hotels. None of these three exceptions were presented to the Travel Control Board for approval as an exception to the travel control rules.

We also scanned all travel vouchers of certain members of University management. We noted one instance where meals were charged (\$56) to the hotel room and the employee was also reimbursed per-diem for the same days. The cost of the meals charged to the room, were also reimbursed to the employee.

The University policy for travel reimbursements states that vouchers must be supported by receipts for all items greater than \$10. It also states that all travel must be approved in advance on a Travel Authorization Form. Out-of-state travel outside the 48 contiguous states must be presented 30 days prior to the beginning of the trip and must be approved by the President.

The Illinois Travel Regulation Council's travel rules (80 IL Admin Code Section 3000.300) states that collision damage waiver insurance and personal accident insurance are not reimbursable costs. The Illinois Travel Regulation Council's travel rules (80 IL Admin Code Sections 3000.400 - 420) states that payments in excess of state rates for lodging are only allowed for conference lodging when pre-approved by the agency head, or when the exception has been approved by the appropriate Travel Control Board. The Higher Education Travel Control Board Travel Rules indicates that a copy of the brochure or registration form which indicates the hotel in which a conference is to be held should be attached to the travel voucher for all conferences regardless of the room rate.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-8 FINDING: NON-COMPLIANCE WITH TRAVEL REGULATIONS (continued)

University officials stated that both accounts payable disbursements and purchasing had substantial staff changes in fiscal year 2005 that included loss and replacement of employees and employee maternity leave. In the interim, both departments were short staffed. In addition, the replacement personnel had to be trained. The University sites these errors to be the result of new employees' attempts to surmount the usual learning curve.

In regards to lodging rates in excess of those allowed by the Travel Control Board, the University cites this to be a combination of timing differences and vouchers that were turned in after the Travel Control Board reports were due. The University reported all exceptions in the subsequent fiscal year to the Higher Education Travel Control Board. In general, the University feels that the internal controls and policies over travel expenditures are strong and exceed the requirements of the Illinois Travel Regulations.

Failure to properly adhere to the travel regulations may result in the University making an inappropriate payment of State funds. (Finding Code No. 05-8)

RECOMMENDATION

We recommend the University establish procedures that ensure travel expenditures are proper and comply with the established regulations and policies.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University experienced a difficult year in terms of staff turnovers in the Accounts Payable area, including vacant positions, medical leave, and new personnel. The University has assigned a veteran employee to handle travel expenditures to ensure that vouchers are processed properly and will conduct University-wide employee training on travel policies and procedures.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-9 FINDING: NON-COMPLIANCE WITH THE UNIVERSITY FACILITIES REVENUE BOND INDENTURE

Chicago State University (University) did not fully comply with the continuing disclosure requirements of the University Facilities Revenue Bond.

The University delivered its annual financial information continuing disclosures to the required agencies on January 26, 2005 (210 days after year end). However, the disclosure was missing the audited financial statements (or "Draft" audited financial statements). The audited financial statements were sent at a later date (April 19, 2005), once the audit was released by the Office of the Auditor General.

The Bond Indenture requires the University to submit its annual financial information disclosures and audited financial statements, so that they are received by each Nationally Recognized Municipal Securities Information Repository within 210 days after the close of the University's fiscal year. In previous years, the University had submitted "Draft" financial statements with its annual financial information.

University officials stated the University complied with the disclosure requirements of the University Facility Revenue Bonds with the exception of the financial statements. The audited financial statements were mailed immediately after the report was released by the Auditor General of the State of Illinois.

By not disseminating all the required information in a timely manner, the University is not in compliance with the Bond Indenture. (Finding Code No. 05-9)

RECOMMENDATION

We recommend the University prepare financial statements for audit at a date that would allow the auditors to complete the audit in sufficient time for the University to meet the filing requirements.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University delivered its 2005 draft financial statements along with its annual financial information continuing disclosures to each Nationally Recognized Municipal Securities Information Repository in January, 2006. The University will adopt appropriate measures to ensure the financial statements are prepared in a timely fashion to comply with the filing requirements.

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS - PRIOR FINDINGS NOT REPEATED
FOR THE YEAR ENDED JUNE 30, 2005

PRIOR FINDINGS NOT REPEATED – GOVERNMENT AUDITING STANDARDS

05-10 Generally Accepted Accounting Principles (GAAP) Not Properly Applied to Voluntary Nonexchange Transactions

The University did not properly apply Government Accounting Standards Board (GASB) Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*. (Finding Code No. 04-03)

Status – Implemented

The University has implemented the recommendation and improved its system for identifying eligibility requirements for voluntary nonexchange transactions and properly accounted for transactions in accordance with GASB Statement No. 33.

PRIOR FINDINGS NOT REPEATED – STATE

05-11 Computer Security Weaknesses

The University did not establish adequate controls over some aspects of its computer environment. (Finding Code No. 04-05)

Status – Partially Implemented

The University has partially implemented the recommendation by setting password expiration periods and limiting simultaneous logins. As a result of the actions taken by the University, this finding now appears in the Immaterial Findings Letter as IM 05-10.

**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
 - Schedule of Efficiency Initiative Payments
 - 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
 - Schedule of Federal and Nonfederal Expenditures
 - Schedule of Degrees Conferred (Unaudited)
 - Schedule of Tuition and Fee Waivers (Unaudited)
 - Classroom Utilization Schedule (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 1982 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, 2005**

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>Federal CFDA #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>DEPARTMENT OF EDUCATION</u>			
Direct Programs:			
Student Financial Aid Cluster:			
<i>Federal Supplemental Educational Opportunity Grants</i>	84.007		\$ 418,234
<i>Federal Work Study Program</i>	84.033		446,211
<i>Federal Pell Grant Program</i>	84.063		9,905,539
<i>Federal Perkins Loan Program (Note 2)</i>	84.038		-
<i>Federal Family Education Loans (Note 2)</i>	84.032		-
<i>Nursing Student Loan Program</i>	93.364		-
Total - Student Financial Aid Cluster			<u>10,769,984</u>
TRIO Cluster			
<i>TRIO - Student Support Services</i>	84.042		234,224
<i>TRIO - Upward Bound</i>	84.047		451,300
<i>TRIO - Upward Bound</i>	84.047		342,495
<i>TRIO - Educational Opportunity Centers</i>	84.066		343,875
Total TRIO Cluster			<u>1,371,894</u>
<i>Teachers and Personnel - Program and Cases</i>	84.195		6,653
<i>Project Nueva Generacion</i>	84.195		222,574
<i>Teachers and Personnel - Futuro</i>	84.195		89,842
<i>Minority Science And Engineering Improvement</i>	84.120		60,777
<i>Child Care Access Means Parents in School</i>	84.335		(744)
<i>Fund for the Improvement of Postsecondary Education</i>	84.116		294,227
<i>Community Technology Centers</i>	84.341		268,944
<i>Trio-Dissemination Partnership Grants</i>	84.344		206,205
<i>Overseas Faculty Research Abroad</i>	84.019		74,493
Total Direct Programs			<u>13,364,849</u>
Passed Through Programs From:			
Illinois Board of Higher Education			
<i>The Partnered Project of Teacher & Learning</i>	84.281		(1,000)
<i>Teacher Quality Enhancement Grants - Middle School Project</i>	84.336	P336A0000007	15,861
<i>Improving Teacher Quality State Grants - Chicago Collaborative for High School Science</i>	84.367		170,462
Total			<u>185,323</u>
Illinois State Board of Education			
<i>Vocational Education-Basic Grants to States - Illinois University Council for Career & Technical Education</i>	84.048		78,586
The Jane Adams Hull House			
<i>Early Reading First/Hull House Project</i>	84.359		60,262
Total Passed Through Programs			<u>324,171</u>
Total Department of Education			<u>13,689,020</u>
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
NATIONAL INSTITUTES OF HEALTH			
<i>Biomedical Research and Research Training - Minority Biomedical Research Support</i>	93.859		1,496,465

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>Federal CFDA #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>RESEARCH AND DEVELOPMENT CLUSTER (continued)</u>			
<i>Biomedical Research and Research Training - Chicago Linkages for Minorities in Biomedical Sciences (CLIMB)</i>	93.859		70,617
<i>Mental Health Research Grants - CSU Collaborative Research Development Model</i>	93.242		474,382
<i>Child Health and Human Development Extramural Research - EARDA</i>	93.865		97,990
Passed Through Programs From:			
American Psychological Association <i>Biomedical Research and Research Training - Developing Minority Biomed</i>	93.859		9,906
Northwestern University <i>Biomedical Research and Research Training - MS-Phd Bridge to the Future</i>	93.859		112,065
University of Illinois <i>Biomedical Research and Research Training - Training at the Masters Level</i>	93.859		38,685
NATIONAL SCIENCE FOUNDATION			
<i>Education and Human Resources - AMP- Chicago Science, Engineering and Math Alliance</i>	47.076		1,249,947
<i>Education and Human Resources - Improving Student Understanding of Physics at an Inner-City University through the use of Concept and Activity-Based Trutorials</i>	47.076		38,063
<i>Education and Human Resources - Support, Mentoring, Accountability, Research and Training - A Sustainable, Thriving Program in Mathematical Sciences</i>	47.076		66,614
Passed Through Programs From:			
Illinois Institute of Technology <i>Engineering Grants - Virtual Experiments for Biomedical Engineering Education</i>	47.041		10,995
NATIONAL OCEANIC & ATMOSPHERIC ADMINISTRATION			
Passed Through Programs From:			
Wilbur Wright College <i>Educational Partnership Program - Environmental Entrepreneurship Program Dev't & Enhancement</i>	11.481		9,675
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
<i>The 19th Annual National Conference of the Black Physics Students</i>	43.	NNG05GD87G	1,400
Total Research and Development Cluster			<u>3,676,804</u>
<u>DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Direct Programs:			
<i>Scholarships for Health Professions Students from Disadvantaged Backgrounds</i>	93.925		138,555
<i>Scholarships for Health Professions Students from Disadvantaged Backgrounds</i>	93.925		17,262
<i>Nursing Workforce Diversity</i>	93.178		220,934
<i>Nurse Education, Practice and Retention Grants</i>	93.359		2,714
<i>Nurse Education, Practice and Retention Grants</i>	93.359		244,365
<i>Temporary Assistance for Needy Families</i>	93.558		215,247
Total Direct Programs			<u>839,077</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>Federal CFDA #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>DEPARTMENT OF HEALTH & HUMAN SERVICES (continued)</u>			
Passed Through Programs From:			
City of Chicago:			
Headstart - IPCFD	93.600		1,368,600
Headstart - Early Headstart Program	93.600		131,535
Head Start - Collaboration	93.600		520,776
Total Head Start			<u>2,020,911</u>
Social Services Block Grant - Developing Community Project/Child Care Services	93.667		905,224
Total			<u>2,926,135</u>
The University of Illinois at Chicago:			
Health Careers Opportunity Program - Six Week Summer	93.822	5D18HP02992-05	57,561
Health Careers Opportunities Program - UIC/SPH/CSU	93.822	9212-HCOP-HHS-HP0312701	82,213
Total			<u>139,774</u>
Central State University:			
Family and Community Violence Prevention Program - Family Life Center	93.910		<u>250,119</u>
National Youth Sports Program Fund:			
Community Services Block Grant Discretionary Awards - National Youth Sports Program	93.570		<u>78,610</u>
Total Passed Through Programs			<u>3,394,638</u>
Total Department of Health and Human Services			<u>4,233,715</u>
<u>U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT</u>			
Direct Program:			
South Africa Area Initiative	98.	HFP-A-00-01-00036-00	<u>55,468</u>
Total U.S. Agency for International Development			<u>55,468</u>
<u>DEPARTMENT OF AGRICULTURE</u>			
Direct Programs:			
Illinois State Board of Education			
Technical Agricultural Assistance - Building Bridges Through Education	10.960		6,429
Scientific Cooperation and Research	10.961		9,736
Total Direct Programs			<u>16,165</u>
Passed Through Programs From:			
Illinois State Board of Education			
Child and Adult Care Program	10.558		75,737
Summer Food Service Program for Children	10.559		44,825
Total Passed Through Programs			<u>120,562</u>
Total Department of Agriculture			<u>136,727</u>
<u>DEPARTMENT OF INTERIOR</u>			
Passed Through Program From:			
Recreational Boating & Fishing Foundation			
Sport Fish Restoration - The Best Practices in Fishing, Boating and Aquatic Stewardship	15.605		<u>11,413</u>
Total Department of Interior			<u>11,413</u>

STATE OF ILLINOIS
 CHICAGO STATE UNIVERSITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2005

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>Federal CFDA #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>			
Direct Programs:			
<i>Aerospace Education Services Program</i>	43.001	NAG5-12091	102,293
<i>Administrator's Fellowship Program</i>	43.	NAGS-10153	<u>103,383</u>
Total National Aeronautics and Space Administration			<u>205,676</u>
<u>INSTITUTE OF MUSEUM & LIBRARY SERVICES</u>			
Direct Programs:			
<i>State Library Program</i>	45.310		<u>13,760</u>
Total Institute of Museum & Library Services			<u>13,760</u>
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through Program From:			
Chicago Housing Authority			
<i>Resident Opportunity and Supportive Services - Addressing Family Literacy Through Technology</i>	14.870		<u>23,966</u>
Total US Department of Housing & Urban Development			<u>23,966</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 22,046,549</u></u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

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, 2005. 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, 2005 totaled \$1,832,745. Loan advances for the year ended June 30, 2005 totaled \$270,930. Interest income on loans totaled \$52,610 and other income totaled \$2,258.

- **NURSING STUDENT LOAN PROGRAM**

The balance of loans receivable as of June 30, 2005 was \$46,638.

3. FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP)

The University approved \$20,426,927 in FFELP Loans (Stafford Subsidized - \$12,290,944, Stafford Unsubsidized - \$7,877,263 and Parent Loans [Plus] - \$258,720).

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2005**

FOURTEEN MONTHS ENDED AUGUST 31, 2005

Public Act No. 93-0842

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2005	Lapse Period Expenditures (July 1-Aug 31)	Total Expenditures	Balances Lapsed
GENERAL REVENUE FUND (001)					
Personal services	\$ 34,861,700	\$ 34,857,789	\$ 3,911	\$ 34,861,700	\$ -
Social Security	369,100	369,100	-	369,100	-
Contractual services	2,026,200	2,026,200	-	2,026,200	-
Travel	16,000	16,000	-	16,000	-
Commodities	16,000	16,000	-	16,000	-
Equipment and library books	313,700	313,700	-	313,700	-
Telecommunications	304,400	304,400	-	304,400	-
Operation of Automotive Equipment	1,000	1,000	-	1,000	-
Awards and grants	102,200	102,200	-	102,200	-
50th Anniv. - Brown vs. Board of Ed	84,985	84,985	-	84,985	-
Title II Teacher Quality Enhancement	250,000	250,000	-	250,000	-
Financial Assistance Outreach Programs	250,000	250,000	-	250,000	-
HIV/AIDS Policy Research	250,000	250,000	-	250,000	-
Total General Revenue Fund (001)	<u>38,845,285</u>	<u>38,841,374</u>	<u>3,911</u>	<u>38,845,285</u>	<u>-</u>
TOTAL APPROPRIATIONS	<u>\$ 38,845,285</u>	<u>\$ 38,841,374</u>	<u>\$ 3,911</u>	<u>\$ 38,845,285</u>	<u>\$ -</u>

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

**FOR THE YEAR ENDED JUNE 30, 2005
(WITH COMPARATIVE TOTALS FOR 2004)**

	<u>2005</u> <u>PUBLIC ACT</u> <u>93-0842</u>	<u>2004</u> <u>PUBLIC ACT</u> <u>93-0090 & 93-0664</u>
GENERAL REVENUE FUND (001)		
APPROPRIATIONS	\$ 38,845,285	\$ 40,450,700
EXPENDITURES		
Personal services	34,861,700	36,280,473
Social Security	369,100	-
Contractual services	2,026,200	801,800
Travel	16,000	-
Commodities	16,000	3,895
Equipment and library books	313,700	250,220
Telecommunications	304,400	32,212
Operations of Automobile	1,000	-
Awards and Grants	102,200	-
Title II, teacher quality enhancement	250,000	-
50th Anniv - Brown vs Board of Ed.	84,985	115,015
For Additional Operation Expenses & Restructuring of Collegiate Programs	-	1,136,100
Financial Assistance Outreach Center	250,000	250,000
Costs for Moving Library	-	754,300
HIV/AIDS Policy & Research	250,000	-
Total expenditures	<u>38,845,285</u>	<u>39,624,015</u>
Lapsed balances	<u>-</u>	<u>826,685</u>
CAPITAL DEVELOPMENT FUND (141)		
APPROPRIATIONS	<u>-</u>	<u>2,400,000</u>
EXPENDITURES		
Permanent improvements	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Lapsed balances	<u>-</u>	<u>2,400,000</u>
GRAND TOTAL		
APPROPRIATIONS	38,845,285	42,850,700
EXPENDITURES	<u>38,845,285</u>	<u>39,624,015</u>
TOTAL LAPSED BALANCES	<u>\$ -</u>	<u>\$ 3,226,685</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS

The University did not make any efficiency initiative payments for FY 05.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals for the year ended June 30, 2004)**

	<u>2005</u>	<u>2004</u>
INCOME FUND REVENUES		
Tuition revenue	\$ 20,739,854	\$ 18,230,967
Laboratory fee	208,071	163,506
Late registration fee	41,988	34,368
NSF check fee	2,780	4,070
Deferred payment fee	66,859	69,747
Graduation fee-undergraduate	17,126	15,425
Graduation fee-graduate	9,290	9,608
Transcript fee	78,432	75,050
Application fee	118,609	117,983
Interest income	95,365	40,170
Miscellaneous other income	51,689	201,487
TOTAL INCOME FUND REVENUES	<u>\$ 21,430,063</u>	<u>\$ 18,962,381</u>
INCOME FUND EXPENDITURES		
Personal services	\$ 9,692,618	\$ 7,068,972
Social Security	189,169	535,853
CMS Group Insurance	1,024,000	-
Contractual services	5,092,496	6,254,519
Travel	144,556	105,133
Commodities	821,869	884,027
Equipment and library books	702,070	830,834
Telecommunications	144,497	654,504
Operation of automotive equipment	26,063	30,905
Permanent improvements	41,788	70,787
TOTAL INCOME FUND EXPENDITURES	<u>\$ 17,879,126</u>	<u>\$ 16,435,534</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF CHANGES IN STATE PROPERTY
FOR THE YEAR ENDED JUNE 30, 2005**

(In thousands)

	<u>Beginning Balance at June 30, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance at June 30, 2005</u>
Land	\$ 8,668	\$ -	\$ -	\$ 8,668
Buildings and building improvements	74,288	56	-	74,344
Site improvements	9,495	-	-	9,495
Equipment	28,171	1,977	(701)	29,447
Library books	8,685	428	-	9,113
Construction in-progress	30,622	18,064	-	48,686
TOTAL	<u>\$ 159,929</u>	<u>\$ 20,525</u>	<u>\$ (701)</u>	<u>\$ 179,753</u>

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, 2005**

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

	<u>Balance FY 05</u>	<u>Balance FY 04</u>	<u>Difference</u>	<u>%</u>
<i>Revenues:</i>				
<i>State and Local Grants and Contracts</i> – Increase is due to higher funding of the Head Start Grants of \$649,000 and Chicago Collaborative HS Science of \$449,000 and the following new grants: HIV/AIDS Institute \$226,000, Low Income Degree Scholarships \$215,000, and Advanced Reading Development Demons \$106,000.	\$5,067,637	\$3,375,209	\$1,692,428	50%
<i>Non-governmental Grants and Contracts</i> – Reductions in various local grants, but primarily a \$100,000 reduction in Northeast Illinois Food Needs grant.	\$141,795	\$478,031	(\$336,236)	-70%
<i>Other Operating Revenues</i> – Higher revenues were generated in Athletic Events which increased \$300,000, in addition to higher income in both Continuing Education at \$247,000 and the Chicagoland Regional College Program of \$203,000.	\$2,760,943	\$1,963,385	\$797,558	41%
<i>Expenses:</i>				
<i>Research</i> – Increases in Restricted Personal Services of \$226,000 are due to increased use of part-time faculty and increases in the MBRS Programs of \$76,000, Commodities of \$30,000 and Equipment of \$26,000.	\$2,340,702	\$1,857,403	\$483,299	26%
<i>On-Behalf State Fringe Benefits</i> – The decrease is due to the decrease in special funding in prior fiscal year provided to SURS on behalf of all State Universities.	\$14,427,031	\$35,524,783	(\$21,097,752)	-59%
<i>Operations and Maintenance</i> - O&M expenditures increased primarily due to capital asset acquisition adjustments in FY 04. FY 05 amounts are comparable to FY 03.	\$8,204,625	\$4,526,624	\$3,678,001	81%
<i>Capital Appropriations and Grants</i> – Revenues from capital appropriations and grants declined primarily due to a \$3 million decrease in capital grants for the convocation center in fiscal year 2005.	\$14,593,710	\$18,140,013	(\$3,546,303)	-20%

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPARATIVE SCHEDULE OF CASH, TEMPORARY CASH INVESTMENTS,
AND INVESTMENTS - AT MARKET VALUE
AS OF JUNE 30, 2005
(With Comparative Totals as of June 30, 2004)

	<u>2005</u>	<u>2004</u>
By Depository		
Cash and temporary cash investments:		
Citibank , Chicago, Illinois, Money Market Account	\$ 239	\$ 75
Checking accounts:		
Shore Bank, Chicago, Illinois, Depository Account	548,553	702,879
Shore Bank, Chicago, Illinois, ECA Account	650	5,584
Shore Bank, Chicago, Illinois, Student Loan Account	863,174	322,625
Shore Bank, Chicago, Illinois, HHS Account	394	361
Citibank, Chicago, Illinois, Vendor Disbursement Account	(942,042)	(856,984)
Citibank, Chicago, Illinois, Student Disbursement Account	1,328	(89,321)
Citibank, Chicago, Illinois, Electronic Depository Account - Local	56,965	146,665
Citibank, Chicago, Illinois, Electronic Depository Account - International	61,216	30,793
Citibank, Chicago, Illinois, TMS Account	11,493	26,370
Bank One, Chicago, Illinois, Payroll Account	98,957	3,947
Harris Bank, Chicago, Illinois, HUD Account	95,000	70,247
The Illinois Funds, Springfield, Illinois, Clearing Fund	848,684	2,365,759
The Illinois Funds, Springfield, Illinois, Payroll Fund	3,049	2,988
Temporary cash investments -		
Seaway Bank, Chicago Illinois, Bond Revenue Proceeds	1,709,298	1,752,335
Total Cash and Cash Equivalents	<u>\$ 3,356,958</u>	<u>\$ 4,484,323</u>
 By Fund		
Unrestricted current funds	\$ 1,937,298	\$ 3,387,539
Restricted current funds	(1,923,578)	(1,593,285)
Loan funds	(3,715)	(4,903)
Plant Funds	3,188,109	2,546,475
Agency Funds	158,844	148,497
Total Cash and Cash Equivalents	<u>\$ 3,356,958</u>	<u>\$ 4,484,323</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN ASSET AND LIABILITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2005**

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

	<u>Balance FY 05</u>	<u>Balance FY 04</u>	<u>Difference</u>	<u>%</u>
<i>Cash and Cash Equivalents</i> – The lower cash balance is due to timing and payment of accounts payable at year-end versus the prior year.	\$3,356,958	\$4,484,323	(\$1,127,365)	-25%
<i>Balance in State Appropriation</i> - Increased due to outstanding payment of \$1.8 million for various payables, including Contractual Services of \$791,000, Personal Services of \$576,000, and Equipment \$242,000.	\$3,600,231	\$1,719,186	\$1,881,045	109%
<i>Loans and Notes Receivable, net</i> – Perkins Loans for FY'05 were higher due to new Perkins loan volume.	\$793,992	\$601,618	\$192,374	32%
<i>Prepaid expenses and other assets</i> – In FY 04, the University forwarded \$7.5 million in capital grants received to the Capital Development Board (CDB) for construction of the University Convocation Center. In FY 05, another \$4.5 million was forwarded. CDB began construction in FY 05 and expended \$7.7 million of the total \$12 million. These grants were funded by the Department of Commerce and Economic Opportunity (DCEO).	\$4,428,869	\$7,608,644	(\$3,179,775)	-42%
<i>Deferred Revenue</i> – Reflects decreases in Grants and Contracts of \$188,000 and Tuition and Fees deferrals of \$122,000.	\$1,296,982	\$1,705,983	(\$409,001)	-24%

ANALYSIS OF SIGNIFICANT LAPSE PERIOD EXPENDITURES

The University did not have any significant lapse period expenditures.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF ACCOUNTS RECEIVABLE
AS OF JUNE 30, 2005
(With Comparative Totals as of June 30, 2004)**

Balance Sheet at June 30 of	<u>2005</u>	<u>2004</u>	<u>Change</u>
Accounts Receivable (Net)			
Current Unrestricted Fund	\$ 3,312,279	\$ 2,488,941	\$ 823,338
Current Restricted Fund	4,061,227	3,681,352	379,875
Loan Fund	(21,084)	(13,773)	(7,311)
Total Accounts Receivable (Net)	<u>\$ 7,352,422</u>	<u>\$ 6,156,520</u>	<u>\$ 1,195,902</u>
Accounts Receivable - All Funds at Gross	\$ 9,106,173	\$ 7,927,026	\$ 1,179,147
Less: Allowance for Uncollectible Accounts	(1,753,751)	(1,770,506)	16,755
Total Accounts Receivable (Net)	<u>\$ 7,352,422</u>	<u>\$ 6,156,520</u>	<u>\$ 1,195,902</u>
Aging of Current Unrestricted Fund			
Current (less than one year)	\$ 2,557,165	\$ 2,094,795	\$ 462,370
One year past due	1,116,271	763,343	352,928
Two years past due	602,260	586,832	15,428
Three years past due	509,621	456,851	52,770
Older than three years past due	248,782	325,695	(76,913)
Total Current Unrestricted Fund-Gross	<u>\$ 5,034,099</u>	<u>\$ 4,227,516</u>	<u>\$ 806,583</u>
Balance Sheet - Current Unrestricted Fund (Net)	\$ 3,312,279	\$ 2,488,941	\$ 823,338
Allowance for Uncollectible Accounts	<u>(1,721,820)</u>	<u>(1,738,575)</u>	<u>16,755</u>
TOTAL CURRENT UNRESTRICTED FUND-GROSS	<u>\$ 5,034,099</u>	<u>\$ 4,227,516</u>	<u>\$ 806,583</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF SOURCES AND APPLICATIONS OF
INDIRECT COST RECOVERIES
FOR THE YEAR ENDED JUNE 30, 2005**

SOURCES:

Federal funds	\$ 995,248
State funds	36,552
Local and Private funds	12,772
Other sources	19,329
Total Sources	<u>1,063,901</u>

APPLICATIONS:

Academic support	254
Research	266,314
Institutional support	12,096
Scholarships and fellowships	509,792
Public Services	235,800
Student Services	1,839
Total Applications	<u>1,026,095</u>

Excess of Sources Over Applications	<u>37,806</u>
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FUND BALANCE, BEGINNING OF YEAR	<u>256,779</u>
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FUND BALANCE, END OF YEAR	<u><u>\$ 294,585</u></u>
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**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

AGENCY FUNCTIONS AND PLANNING PROGRAM

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.

During the Fiscal Year 2000 the University initiated and completed a Strategic Planning process on campus with the establishment of the New Millennium Steering Committee. A new mission statement and University vision are incorporated into the document, and a process for improving assessment and planning was started. 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 and promise 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, masters, 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, business, science and technology and encourage 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; and
- 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 and economically viable and sustainable communities.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

AGENCY FUNCTIONS AND PLANNING PROGRAM (continued)

Chicago State University Vision Statement

Chicago State University is a comprehensive metropolitan university committed to its evolution as a center of academic excellence and aspires to be a doctoral granting institution of higher learning. 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 21st century.

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 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.
- Faculty, staff, administrator and students 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 our stated mission, and have been incorporated into the CSU budget and planning process. These goals include:

1. Higher education will help Illinois business and industry sustain strong economic growth.
2. Higher education will join elementary and secondary education to improve teaching and learning at all levels.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

AGENCY FUNCTIONS AND PLANNING PROGRAM (continued)

3. No Illinois citizen will be denied an opportunity for a college education because of financial need.
4. Illinois will increase the number and diversity of citizens completing training and education programs.
5. Illinois colleges and universities will hold students to even higher expectations for learning and will be accountable for the quality of academic programs and the assessment of learning.
6. Illinois colleges and universities will continually improve productivity, cost-effectiveness, and accountability.

CSU intends to contribute significantly to the attainment of each of these goals. 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.

Auditor's Assessment of Planning Program

In the University's Mission and Vision Statement, the statements are outlined to allow the University to achieve their goals. These objectives are evaluated annually and reviewed by the Illinois State Board of Higher Education in order to enhance the progress of the University. We conclude that the University has a well-developed budget and planning program.

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, 2005
(UNAUDITED)**

Average Number of Employees

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

	<u>2005</u>	<u>2004</u>
Faculty and Staff	1,015	1,047
Students	<u>281</u>	<u>158</u>
TOTAL	<u><u>1,296</u></u>	<u><u>1,205</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>2005</u>	<u>2004</u>
Head Count:		
Undergraduate	4,619	4,563
Graduate	<u>2,024</u>	<u>2,074</u>
TOTAL	<u><u>6,643</u></u>	<u><u>6,637</u></u>
Credit Hours:		
Undergraduate	114,945	112,630
Graduate	<u>26,658</u>	<u>28,038</u>
TOTAL	<u><u>141,603</u></u>	<u><u>140,668</u></u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005
(UNAUDITED)**

Comparative Enrollment Statistics (Continued)

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

Chicago State University Enrollment Summary '97-04:

<u>Term</u>	<u>Undergraduates</u>	<u>Graduates</u>	<u>Total</u>
Fall '97	6,545	2,177	8,722
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

Chicago State University Enrollment Demographics - Fall '04:

<u>Category</u>	<u>Number</u>	<u>Percent</u>
Full-time	3,590	53%
Part-time	3,245	47%
Male	1,889	28%
Female	4,946	72%
Freshman	1,249	18%
Sophomores	828	12%
Juniors	1,169	17%
Seniors	1,544	23%
Other Undergraduates	77	1%
Graduates	1,968	29%

Credit Hour Production - Fall '04 and Spring '05:

<u>College</u>	<u>2005 Credit Hour</u>
Arts & Science	42,194
Business	14,652
Education	31,479
Nursing	15,149
Special Programs	17,662
Undecided/Undeclared	6,439
TOTAL	127,575

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005
(UNAUDITED)**

STATISTICAL SUMMARY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

OPERATING REVENUES	FY 2005	FY 2004
Student tuition (net of scholarship allowances of \$7,073,108 and \$6,853,040)	\$ 19,572,632	\$ 17,281,547
Auxiliary enterprises (net of scholarship allowances of \$34,893 and \$85,163)	4,217,015	4,178,436
Grants and contracts (principally Federal)	24,568,607	23,094,855
Other sources	2,760,943	1,963,385
Total Operating Revenues	51,119,197	46,518,223
OPERATING EXPENSES		
Instruction	34,181,896	35,018,616
Research	2,340,702	1,857,403
Public service	6,261,285	6,126,927
Academic support	6,220,476	6,762,531
Student services	8,781,577	8,261,910
Institutional support	8,270,646	8,239,050
Operation and maintenance of plant	8,204,625	4,526,624
Scholarships and fellowships	5,086,431	5,155,230
Auxiliary enterprises	3,781,413	3,569,613
Depreciation	2,958,195	2,809,722
On-behalf State fringe benefits	14,427,031	35,524,783
Total Operating Expenses	100,514,277	117,852,409
OPERATING LOSS	(49,395,080)	(71,334,186)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	38,845,285	39,624,015
State fringe benefits	14,427,031	35,524,783
Investment income	33,727	38,554
Interest on capital asset - related debt	(1,283,383)	(1,342,043)
Net nonoperating revenues	52,022,660	73,845,309
Capital appropriations and grants	14,593,710	18,140,013
Loss on disposal of capital assets	(20,257)	(50,073)
Total other revenues	14,573,453	18,089,940
Increase in net assets	17,201,033	20,601,063
NET ASSETS		
Net assets, beginning of the year	61,357,770	40,756,707
Net assets, end of the year	\$ 78,558,803	\$ 61,357,770
<u>SELECTED ACCOUNT BALANCES</u>		
Cash and investments	\$ 3,356,958	\$ 4,484,323
Capital assets, net of accumulated depreciation	103,457,913	87,395,902
Revenue bond payable	22,400,000	23,125,000
Accrued compensated absences	7,815,732	7,397,137
<u>SUPPLEMENTARY INFORMATION</u>		
<u>Employment statistics</u>		
Faculty/administrative/civil service	1,015	1,047
Students	281	158
Total Employees	1,296	1,205
<u>Student statistics</u>		
Undergraduate	4,619	4,563
Graduate	2,024	2,074
Total Students	6,643	6,637
Institutional cost per student	\$ 5,543	\$ 5,543

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 2005
(UNAUDITED)

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

	<u>2005</u>		<u>2004</u>	
	<u>Total Costs</u>	<u>Total Semester Cost Per Full-Time Equivalent</u>	<u>Total Costs</u>	<u>Total Semester Cost Per Full-Time Equivalent</u>
Direct salary	\$ 14,662,397	\$ 1,484	\$ 13,955,505	\$ 1,417
Indirect instruction	2,002,113	203	1,983,155	201
Departmental research	1,096,223	111	1,202,299	122
Departmental overheads	5,018,668	508	5,667,290	576
College or school overheads	<u>1,492,279</u>	<u>151</u>	<u>1,264,182</u>	<u>128</u>
Subtotal of Department and College Cost	<u>24,271,680</u>	<u>2,457</u>	<u>24,072,431</u>	<u>2,444</u>
Overhead support unique to college costs	4,451,864	451	4,467,769	454
All other academic support	5,274,331	534	5,627,461	572
Student services	3,333,462	337	3,093,931	314
Institutional support	<u>11,128,795</u>	<u>1,126</u>	<u>10,069,745</u>	<u>1,023</u>
Subtotal of Department and College Costs with University Overheads	<u>48,460,132</u>	<u>4,905</u>	<u>47,331,337</u>	<u>4,807</u>
Operation and maintenance of physical plant	<u>6,301,919</u>	<u>638</u>	<u>7,244,206</u>	<u>736</u>
TOTAL OF ALL COSTS	<u><u>\$ 54,762,051</u></u>	<u><u>\$ 5,543</u></u>	<u><u>\$ 54,575,543</u></u>	<u><u>\$ 5,543</u></u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

EMERGENCY PURCHASES

The University made the following emergency purchases during FY05:

- Contracting for adequate heating (\$23,428) for maintaining the Campus Child Care Center (temporary location) which at the time had no heat.

ILLINOIS FIRST PROGRAM

According to University officials, and based upon our review of University records, the University had 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 05</u>
00-123518	\$ 5,000,000	-
00-126003	\$10,000,000	-
03-121556	\$ 100,000	-
04-120039	\$ 9,000,000	\$4,500,000

Grant 04-120039 is for the various capital improvements of the new convocation center. The University forwarded the \$4,500,000 received during FY 05 to the Capital Development Board who is constructing the facility on behalf of the University.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

SCHEDULE OF FEDERAL AND NONFEDERAL EXPENDITURES

	<u>Amount</u>	<u>Percent</u>
Federal Funds	\$ 22,046,549	22%
Nonfederal Funds	<u>79,771,368</u>	<u>78%</u>
TOTAL	<u>\$ 101,817,917</u>	<u>100%</u>

The Federal Funds come from the Schedule of Expenditures of Federal Awards on pages 32-35, 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
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005
(UNAUDITED)**

SCHEDULE OF DEGREES CONFERRED

The University conferred degrees during the years ended June 30, 2005 and 2004 as follows:

	<u>2005</u>	<u>2004</u>
Bachelors Degrees	699	700
Masters Degrees	356	368
Total Degrees conferred	<u>1,055</u>	<u>1,068</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005
(UNAUDITED)**

SCHEDULE OF TUITION AND FEE WAIVERS - UNDERGRADUATE

(in thousands of dollars)

	<u>Tuition</u>		<u>Fees</u>	
	<u>Number of Waivers</u>	<u>Value of Waivers</u>	<u>Number of Waivers</u>	<u>Value of Waivers</u>
<u>MANDATORY WAIVERS</u>				
(SUBTOTAL)	68	\$ 155.7	19	\$ 5.4
Teacher/Special Education	1	1.9	1	0.8
General Assembly	19	52.2	11	1.9
ROTC	22	58.2	7	2.7
Children of Employees	23	38.4		
Senior Citizens	3	5.0		
<u>DISCRETIONARY WAIVERS</u>				
(SUBTOTAL)	294	\$ 823.3	53	17.5
Faculty/Administrative				
(Non-civil service)	11	5.3	2	0.8
Civil Service	107	142.4	48	16.1
Academic/Other Talent	10	17.9		
Athletic	89	413.7		
Gender Equity in Intercollegiate Athletics	14	174.5		
Student Need				
Special Programs	30	54.7	3	0.6
Cooperating Professionals	20	9.4		
Teaching Assistants	13	5.4		
TOTAL	<u>362</u>	<u>\$ 979.0</u>	<u>72</u>	<u>22.9</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005
(UNAUDITED)**

SCHEDULE OF TUITION AND FEE WAIVERS - GRADUATE

(in thousands of dollars)

	<u>Tuition</u>		<u>Fees</u>	
	<u>Number of Waivers</u>	<u>Value of Waivers</u>	<u>Number of Waivers</u>	<u>Value of Waivers</u>
<u>MANDATORY WAIVERS</u>				
(SUBTOTAL)	13	\$ 21.3	10	\$ 3.3
Teacher/Special Education	8	12.0	7	2.8
General Assembly	3	6.1	3	0.5
Senior Citizens	2	3.2		
<u>DISCRETIONARY WAIVERS</u>				
(SUBTOTAL)	203	\$ 319.7	105	33.0
Faculty/Administrative (non-civil service)	38	44.6	32	9.3
Civil Service	60	90.8	49	18.7
Academic/Other Talent	9	25.0		
Student Need Special Programs	6	52.6		
Cooperating Professionals	74	65.5	23	4.7
Graduate Assistants Teaching Assistants	16	41.2	1	0.3
TOTAL	<u>216</u>	<u>\$ 341.0</u>	<u>115</u>	<u>\$ 36.3</u>

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
(UNAUDITED)

CLASSROOM UTILIZATION SCHEDULE
by Semester

Number of:	Weekly Student Station Hours Assigned		% of Student Stations Assigned for Use		Weekly Room Hours Assigned		Percent of Hours Assigned for Use	
	Monday - Friday	7 a.m. - 5 p.m. 5 p.m. - 10 p.m.	Monday - Friday	7 a.m. - 5 p.m. 5 p.m. - 10 p.m.	Monday - Friday	7 a.m. - 5 p.m. 5 p.m. - 10 p.m.	Monday - Friday	7 a.m. - 5 p.m. 5 p.m. - 10 p.m.
<u>Rooms</u>	<u>Student Stations</u>							
		7 a.m. - 5 p.m. 5 p.m. - 10 p.m.	Monday - Friday	7 a.m. - 5 p.m. 5 p.m. - 10 p.m.	Monday - Friday	7 a.m. - 5 p.m. 5 p.m. - 10 p.m.	Monday - Friday	7 a.m. - 5 p.m. 5 p.m. - 10 p.m.
<u>Fall Semester 2004</u>								
Classrooms	3,943	28,999	17,425	14.7	17.7	1,509	1,004	32.1
Class Laboratories	752	6,224	3,399	16.6	18.1	433	246	24.1
		8 a.m. - 4 p.m.		8 a.m. - 4 p.m.		8 a.m. - 4 p.m.		8 a.m. - 4 p.m.
Classrooms		28,062		17.8		1417		37.7
Class Laboratories		5,505		18.3		386		26.8
		7 a.m. - 5 p.m. 5 p.m. - 10 p.m.		7 a.m. - 5 p.m. 5 p.m. - 10 p.m.		7 a.m. - 5 p.m. 5 p.m. - 10 p.m.		7 a.m. - 5 p.m. 5 p.m. - 10 p.m.
<u>Spring Semester 2005</u>								
Classrooms	3,943	28,392	16,233	14.4	16.5	1,586	1,058	33.7
Class Laboratories	752	5,163	3,319	13.7	17.7	434	252	24.1
		8 a.m. - 4 p.m.		8 a.m. - 4 p.m.		8 a.m. - 4 p.m.		8 a.m. - 4 p.m.
Classrooms		27,585		17.5		1,515		40.3
Class Laboratories		4,756		15.8		398		27.6

**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, 2005**

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 page 3 of our financial audit report and pages 8-13 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, 2005.

INDIRECT COST REIMBURSEMENTS

- (b) Refer to page 46 of this report for the sources and applications of indirect cost reimbursements for the year ended June 30, 2005.
- (c) Refer to page 63 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.

**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, 2005**

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 65-68 of this report for financial statements of each accounting entity.
- (g) Refer to page 64 for calculations of current excess funds for each entity.
- (h) Auxiliary Enterprises and Activities received no support from appropriated State funds except for retirement contributions which are allowed by Public Act 87-794. The estimated amounts were \$1,054,555 for group insurance and \$309,153 for pension contributions.
- (i) A Statement of Revenue, Expenses, and Changes in Net Assets for the bond indenture required accounts is presented on page 36 of the financial audit report.

**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, 2005**

- (j) The University Auxiliary Facilities System Revenue Bond Fund accounting conforms to the terms of the bond issue. However, the University did not fully comply with the continuing disclosure requirements, because the audited financial statements were submitted 83 days late.
- (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 69 of this report.
- (n) The University provided funds (primarily in the form of services) of approximately \$551,937 to the Foundation for the year ended June 30, 2005.
- (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 43 for the Schedule of Cash, Temporary Cash Investments, and Investments as of June 30, 2005.
- (r) Income from the investment of pooled funds is regularly allocated and credited to the original sources of the funds.
- (s) Refer to pages 50, 51, and 53 for student enrollment and cost statistics.
- (t) Neither the University nor the Foundation has purchased any real estate during the year ended June 30, 2005.
- (u) There are no certificates of participation (COPS) or participation in lease or purchase agreements involving COPS for the year ended June 30, 2005.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2005**

**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	\$ 298,367
Allowable Indirect Cost Carryforward	
Indirect cost reimbursements allocated for expenditure for the fiscal year completed (\$1,253,204 @ 30%)	375,961
Unallocated Reimbursements	-
Encumbrances and Current Liabilities	<u>5,130</u>
Total Allowable Indirect Cost Carryforward (Sum of Lines 2, 3 and 4)	<u>381,091</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, 2005**

	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									
Add:									
Cash and cash equivalents	\$ 2,340,270	\$ 749,159	\$ 2,302	\$ 3,091,731	\$ 713,210	\$ 921,936	\$ (2,779,218)	\$ 568,919	\$ (575,153)
Total current available funds	A. 2,340,270	749,159	2,302	3,091,731	713,210	921,936	(2,779,218)	568,919	(575,153)
2. Working capital allowance									
Add:									
Highest month's expenditures	1,533,211	307,542	879,307	2,720,060	146,116	753,880	1,446,938	151,798	2,498,732
Encumbrances and current liabilities paid in lapse period	130,622	22,916	23,659	177,197	23,052	138,579	29,349	24,349	215,329
Deferred income / Refundable deposits	141,714	-	38,711	180,425	10,452	-	30,769	-	41,221
Allowance for restoring inventory to normal level	-	-	-	-	-	66,493	-	-	66,493
Allowance for sick leave / vacation payouts	171,055	62,985	28,892	262,932	6,134	50,537	101,500	10,032	168,203
Working capital allowance	B. 1,976,602	393,443	970,569	3,340,614	185,754	1,009,489	1,608,556	186,179	2,989,978
3. Current excess funds:									
Deduct B from A and enter here	C. \$ 363,668	\$ 355,716	\$ (968,267)	(248,883)	\$ 527,456	\$ (87,553)	\$ (4,387,774)	\$ 382,740	(3,565,131)
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, 2005

BALANCE SHEETS - ENTITIES

(With Comparative Totals as of June 30, 2004)

	Auxiliary Enterprises				Activities				Total All Entities (Memorandum Only)	
	University Facilities	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Contract Courses	2005	2004	
CURRENT UNRESTRICTED FUND ASSETS:										
Cash and cash equivalents	\$ 2,340,270	\$ 749,159	\$ 2,302	\$ 713,210	\$ 921,936	\$ -	\$ 568,919	\$ 5,295,796	\$ 3,682,403	
Accounts receivable, net	-	-	168,442	13,076	12,432	218,415	-	412,365	462,589	
Other assets	93,825	-	-	-	-	-	-	93,825	93,825	
Inventories	-	-	-	-	66,493	-	-	66,493	59,820	
TOTAL ASSETS	\$ 2,434,095	\$ 749,159	\$ 170,744	\$ 726,286	\$ 1,000,861	\$ 218,415	\$ 568,919	\$ 5,868,479	\$ 4,298,637	
CURRENT UNRESTRICTED FUND LIABILITIES AND FUND BALANCE:										
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,779,218	\$ -	\$ 2,779,218	\$ 2,773,063	
Accounts payable	196,438	22,916	23,045	22,892	137,280	31,139	23,237	456,947	455,099	
Deposits	21,743	-	-	-	10,066	-	-	31,809	15,290	
Deferred revenue	70,446	-	38,711	10,452	-	30,769	-	150,378	188,961	
Accrued compensated absences	149,319	62,987	29,346	6,293	40,467	96,895	9,409	394,716	300,641	
Fund balances (deficit), unrestricted	1,996,149	663,256	79,642	686,649	813,048	(2,719,606)	536,273	2,055,411	585,583	
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,434,095	\$ 749,159	\$ 170,744	\$ 726,286	\$ 1,000,861	\$ 218,415	\$ 568,919	\$ 5,868,479	\$ 4,298,637	
PLANT FUNDS ASSETS:										
Cash and cash equivalents	\$ (1,435,133)	\$ 119,232	\$ -	\$ -	\$ 1,634,156	\$ 54,848	\$ -	\$ 373,103	\$ (311,569)	
Investments	1,709,298	-	-	-	-	-	-	1,709,298	1,752,335	
Investment in plant:										
Buildings & improvements	24,899,292	884,065	-	1,908	6,287,288	20,197	274	32,093,024	32,083,688	
Furniture and equipment	2,208,626	698,780	-	249,171	304,839	189,982	(186,241)	3,465,157	3,287,209	
TOTAL ASSETS	\$ 27,382,083	\$ 1,702,077	\$ -	\$ 251,079	\$ 8,226,283	\$ 265,027	\$ (185,967)	\$ 37,640,582	\$ 36,811,663	
PLANT FUNDS LIABILITIES AND FUND BALANCE:										
Accounts payable	\$ 100,680	\$ -	\$ -	\$ -	\$ 622,929	\$ -	\$ -	\$ 723,609	\$ 560,686	
Bond payable	22,400,000	-	-	-	-	-	-	22,400,000	23,125,000	
Performance contract notes payable	-	-	-	-	4,695,869	-	-	4,695,869	4,695,869	
Premium on bonds	415,444	-	-	-	-	-	-	415,444	437,901	
Fund balances:										
Net investment in plant	4,465,959	1,702,077	-	251,079	2,907,485	265,027	(185,967)	9,405,660	7,992,207	
TOTAL LIABILITIES AND FUND BALANCE	\$ 27,382,083	\$ 1,702,077	\$ -	\$ 251,079	\$ 8,226,283	\$ 265,027	\$ (185,967)	\$ 37,640,582	\$ 36,811,663	

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2005

STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
CURRENT UNRESTRICTED FUNDS

(with comparative totals for the Year Ended June 30, 2004)

	Auxiliary Enterprises				Activities				Total All Entities (Memorandum Only)	
	University Facilities	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Contract Courses	2005	2004	
	Revenue Bond Fund									
REVENUES:										
Operating	\$ 3,383,802	\$ 944,695	\$ 34,152	\$ 296,403	\$ 2,521,599	\$ 435,734	\$ 873,780	\$ 8,490,165	\$ 7,726,836	
Student fees	1,902,190	-	1,672,272	198,843	-	1,453,636	-	5,226,941	5,333,760	
State fringe benefits	546,484	253,813	50,369	11,930	179,023	260,493	61,596	1,363,708	2,679,661	
Other	28,284	-	350	-	107,001	-	-	135,635	197,968	
TOTAL REVENUES	5,860,760	1,198,508	1,757,143	507,176	2,807,623	2,149,863	935,376	15,216,449	15,938,225	
EXPENDITURES:										
Cost of sales	-	-	-	-	589,806	-	-	589,806	675,659	
Personal services	2,140,700	859,867	334,013	203,777	820,336	971,034	370,260	5,699,987	6,625,593	
Expended for plant	8,970	83,435	45,429	3,615	60,970	34,310	7,620	244,349	165,660	
Commodities	56,816	34,555	37,159	20,247	76,442	149,605	16,731	391,555	448,927	
Contractual services	1,264,022	95,220	1,366,104	102,381	236,035	798,904	43,210	3,905,876	3,507,007	
Other (travel, telecommunications, excess funds refunds, fund transfers)	3,279	34,846	4,690	4,530	44,713	159,867	2,725	254,650	329,572	
TOTAL EXPENDITURES	3,473,787	1,107,923	1,787,395	334,550	1,828,302	2,113,720	440,546	11,086,223	11,752,418	
TRANSFERS OUT:										
Principal and interest	1,823,782	-	-	-	816,616	-	-	2,640,398	2,642,975	
Total Transfers Out	1,823,782	-	-	-	816,616	-	-	2,640,398	2,642,975	
TOTAL EXPENDITURES AND TRANSFERS OUT	5,297,569	1,107,923	1,787,395	334,550	2,644,918	2,113,720	440,546	13,726,621	14,395,393	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND TRANSFERS OUT	\$ 563,191	\$ 90,585	\$ (30,252)	\$ 172,626	\$ 162,705	\$ 36,143	\$ 494,830	\$ 1,489,828	\$ 1,542,832	

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2005

STATEMENT OF CHANGES IN FUND BALANCES
CURRENT UNRESTRICTED FUNDS

(With Comparative Totals for the Year Ended June 30, 2004)

	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	2005	2004	
REVENUES	\$ 5,860,760	\$ 1,198,508	\$ 1,757,143	\$ 507,176	\$ 2,807,623	\$ 2,149,863	\$ 935,376	\$ 15,216,449	\$ 15,938,225	
EXPENDITURES:										
Educational and general	-	-	1,787,395	334,550	1,828,302	2,113,720	440,546	6,504,513	6,719,309	
Auxiliary enterprise	3,473,787	1,107,923	-	-	-	-	-	4,581,710	5,033,109	
Total Expenditures	<u>3,473,787</u>	<u>1,107,923</u>	<u>1,787,395</u>	<u>334,550</u>	<u>1,828,302</u>	<u>2,113,720</u>	<u>440,546</u>	<u>11,086,223</u>	<u>11,752,418</u>	
TRANSFERS:										
Principal and interest	(1,823,782)	-	-	-	(816,616)	-	-	(2,640,398)	(2,642,975)	
Total Transfers Out	<u>(1,823,782)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(816,616)</u>	<u>-</u>	<u>-</u>	<u>(2,640,398)</u>	<u>(2,642,975)</u>	
Net Increase (Decrease) in Fund Balance	563,191	90,585	(30,252)	172,626	162,705	36,143	494,830	1,489,828	1,542,832	
Fund Balance (Deficit), Beginning of Year	1,432,958	572,671	109,894	514,023	650,343	(2,755,749)	41,443	565,583	(977,249)	
FUND BALANCE (DEFICIT) END OF YEAR	<u>\$ 1,996,149</u>	<u>\$ 663,256</u>	<u>\$ 79,642</u>	<u>\$ 686,649</u>	<u>\$ 813,048</u>	<u>\$ (2,719,606)</u>	<u>\$ 536,273</u>	<u>\$ 2,055,411</u>	<u>\$ 565,583</u>	

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR THE AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2005

STATEMENT OF CHANGES IN FUND BALANCES
PLANT FUNDS

(With Comparative totals for the Year Ended June 30, 2004)

	Auxiliary Enterprises				Activities				Total All Entities (Memorandum Only)	
	University Facilities Revenue Bond Fund	Parking Facilities	Public Services	Activities Services	Student Activities	Contract Courses	2005	2004		
REVENUES AND OTHER ADDITIONS:										
Interest Income	\$ 33,727	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,727	\$ 15,906		
Expended for plant	197,022	83,435	-	-	-	-	280,457	227,188		
Retirement of debt	725,000	-	-	-	-	-	725,000	700,000		
Total Revenues and Other Additions	<u>955,749</u>	<u>83,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,039,184</u>	<u>943,094</u>		
EXPENDITURES AND OTHER DEDUCTIONS:										
Principal and interest on Debt	1,823,782	-	-	184,601	-	-	2,008,383	1,826,359		
Property disposals	15,130	-	-	6,355	9,902	61,785	93,172	426,780		
Contractual and other deductions	164,574	-	-	-	-	-	164,574	523,608		
Total Expenditures and Other Deductions	<u>2,003,486</u>	<u>-</u>	<u>-</u>	<u>190,956</u>	<u>9,902</u>	<u>61,785</u>	<u>2,266,129</u>	<u>2,776,747</u>		
TRANSFERS IN:										
Principal and interest	1,823,782	-	-	816,616	-	-	2,640,398	2,642,975		
Total Transfers In	<u>1,823,782</u>	<u>-</u>	<u>-</u>	<u>816,616</u>	<u>-</u>	<u>-</u>	<u>2,640,398</u>	<u>2,642,975</u>		
Net Increase (Decrease) in Fund Balance	776,045	83,435	-	625,660	(9,902)	(61,785)	1,413,453	809,322		
Fund Balance (Deficit), Beginning of Year	3,689,914	1,618,642	251,079	2,281,825	274,929	(124,182)	7,992,207	7,182,885		
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 4,465,959</u>	<u>\$ 1,702,077</u>	<u>\$ 251,079</u>	<u>\$ 2,907,485</u>	<u>\$ 265,027</u>	<u>\$ (185,967)</u>	<u>\$ 9,405,660</u>	<u>\$ 7,992,207</u>		

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2005**

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 8 of the Foundation's financial statements. During the current fiscal year, the University provided administrative support services valued at \$551,937 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	\$ 246,767
Restricted Only as to College or Department	<u>456,261</u>

Total Funds Considered Unrestricted	<u>\$ 703,028</u>
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Expenditures Considered Restricted for
Purposes of the Guideline Computations:

Given for Scholarships	\$ 865,142
Total Funds Considered Restricted	<u>\$ 865,142</u>

TOTAL FUNDS PROVIDED BY THE FOUNDATION TO SUPPORT THE UNIVERSITY	<u><u>\$ 1,568,170</u></u>
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