

**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, 2006**

**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, 2006**

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**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, 2006**

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**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY**

**AGENCY OFFICIALS**

**CHICAGO STATE UNIVERSITY**

President

Dr. Elnora D. Daniel

Vice President Administration and Financial Affairs

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

# CHICAGO STATE UNIVERSITY

Office of THE VICE PRESIDENT OF  
ADMINISTRATION AND FINANCIAL AFFAIRS

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

December 18, 2006

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, 2006. Based on this evaluation, we assert that during the year ended June 30, 2006, 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,

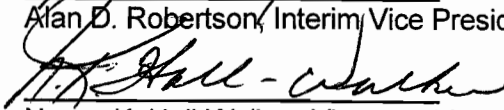
Chicago State University



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	12	9
Repeated findings	5	3
Prior recommendations implemented or not repeated	4	2

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>
<b><u>FINDINGS AND QUESTIONED COSTS (GOVERNMENT AUDITING STANDARDS)</u></b>		
06-1	16	Generally Accepted Accounting Principles (GAAP) Not Properly Applied to Voluntary Nonexchange Transactions
06-2	17	Inaccurate Reporting and Accounting of Accrued Compensated Absences
<b><u>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</u></b>		
06-3	18	Inadequate Documentation for Federal Programs
06-4	21	Overaward/Overpayment of Student Financial Aid
<b><u>FINDINGS (STATE COMPLIANCE)</u></b>		
06-5	22	Employee Travel and Use of University Credit Card
06-6	25	Internal Controls Over Contracts
06-7	26	Time Sheets not Maintained in Compliance with the State Officials and Employees Ethics Act
06-8	27	Noncompliance with Travel Regulations
06-9	29	Inadequate Controls Over Property and Equipment Records
06-10	31	Failure to Include Taxable Fringe Benefits in Employee's Reported Income
06-11	32	Failure to File Contracts with the State Comptroller
06-12	33	Noncompliance with Contractual Service Regulations
<b><u>PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)</u></b>		
06-13	34	Failure to Provide Matching Funds for Federal Program
06-14	34	Inadequate Control Procedures to Notify Pass-through Grantors of Audit Results

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY**

**COMPLIANCE REPORT**

**SUMMARY (continued)**

<u>PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)</u>		
06-15	34	Failure to Complete Ethics Training within Six Months of Employment
06-16	34	Noncompliance with the University Facilities Revenue Bond Indenture

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on April 5, 2007. 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  
Interim Vice President of Budget, Facilities and  
Risk Management  
Chief Information Officer

Dr. Elnora Daniel  
Dr. Alan D. Robertson, CPA  
Mr. Kenneth Koroma  
Mr. John C. Meehan  
Mr. Jamshaid Nasim  
  
Dr. Dean Justmann  
Ms. Diane Conatser

Representing Nykiel, Carlin & Co., Ltd.

Principal  
Senior Accountant

Mr. Paul A. Pelletier, CPA  
Mr. Robert Knisley

Representing the Office of the Auditor General

Audit Manager

Mr. Thomas L. Kizziah, CPA

Responses to the recommendations were provided by Mr. Jamshaid Nasim in an e-mail dated April 13, 2007.



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, 2006. 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, 2006. 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 06-1 thru 06-12. 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 06-1 thru 06-12. 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, 2006, and have issued our report thereon dated December 18, 2006. 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 2006 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, 2006 taken as a whole. We have also 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 years ended June 30, 2005 and 2004. In our reports dated December 20, 2005 and December 22, 2004, we expressed unqualified opinions on the basic financial statements. In our opinion, the 2005 and 2004 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited", is fairly stated in all material respects in relation to the basic financial statements for the years ended June 30, 2005 and 2004, 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, and agency management, 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 18, 2006

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, 2006, and have issued our report thereon dated December 18, 2006. 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. However, we noted certain matters involving the internal control over financial reporting 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 financial reporting that, in our judgment, could adversely affect Chicago State University's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as item 06-1 and 06-2.

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. Our consideration of the internal control over financial reporting 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. However, we noted certain deficiencies in the design or operation of internal control over financial reporting which do not meet the criteria for reporting herein and which are reported as State compliance findings in the schedule of findings. We also noted certain immaterial 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 18, 2006.

## 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 18, 2006.

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 18, 2006

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, 2006. 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 06-3 in the accompanying schedule of findings and questioned costs, Chicago State University did not comply with requirements regarding allowable costs / cost principles and equipment and real property management that are applicable to its Textbooks and Learning Materials for South African Primary Schools program, and did not comply with requirements regarding special tests and provisions that are applicable to its Nursing Student Loans program. Compliance with such requirements is necessary, in our opinion, for Chicago State University to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the 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, 2006. The results of our auditing procedures also 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 06-4.

## 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 06-3 and 06-4.

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. Of the reportable conditions noted above, we believe that item 06-3 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, 2006, and have issued our report thereon dated December 18, 2006. 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 18, 2006

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2006**

**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? X yes    \_\_\_ none reported

Noncompliance material to financial statements noted? \_\_\_ yes    X no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? X yes    \_\_\_ 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
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925
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
Biological Sciences	47.074
Educational Partnership Program	11.481
Child Health and Human Development Extramural Research	93.865
Basic Scientific Research	12.431

Textbook & Learning Materials For South African Primary Schools 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:

\$ 714,502

Auditee qualified as low-risk auditee?

yes  no

**II. FINANCIAL STATEMENTS FINDINGS**

See Findings 06-1 and 06-2

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

See Findings 06-3, and 06-4



**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2006**

**CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS**

**06-1 FINDING: GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) NOT PROPERLY APPLIED TO VOLUNTARY NONEXCHANGE TRANSACTIONS**

Chicago State University (University) did not properly interpret and apply Government Accounting Standards Board (GASB) Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*.

During our audit, we requested documentation to support the 6 largest grant revenue deferrals included in the University's financial statements. Upon review of the grant agreements provided along with related documentation, we noted that 5 of these agreements did not stipulate an eligibility requirement. Therefore, revenue should have been recognized and not deferred for these voluntary nonexchange transactions. The sixth grant did have an eligibility requirement that had not been met, however, the University had already obtained the funds from the grantor even though the program was required to be run on the reimbursement basis. Further, this program had not incurred qualifying expenditures. The actual error identified was \$291,883. The auditors have recorded a passed adjustment of the projected error in the amount of \$584,602.

Generally Accepted Accounting Principles (GAAP) for governmental entities is promulgated by GASB. GASB Statement No. 33 requires revenue recognition for voluntary nonexchange transactions when all applicable eligibility requirements have been met, and the remaining resources are reported as restricted net assets until consumed.

University officials indicated that the grant accountants' interpretation of the grant agreements was that purpose restrictions were eligibility requirements so the advance payments were deferred.

Failure to maintain accounting records and present financial reports in accordance with generally accepted accounting principles, distorts the net assets of the University and the State. (Finding Code No. 06-1)

**RECOMMENDATION**

We recommend the University improve its system for identifying eligibility requirements for voluntary nonexchange transactions and properly account for such transactions in accordance with GAAP.

**UNIVERSITY RESPONSE**

We agree with the recommendation. The University will adopt measures to fully implement GASB-33. The University will develop appropriate channels of communication and periodic management reports for all grant agreements to properly identify and apply the appropriate revenue recognition criteria per GASB 33. The University believes this situation will be corrected and this finding will not recur.

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2006**

**CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS**

**06-2 FINDING: INACCURATE REPORTING AND ACCOUNTING OF ACCRUED COMPENSATED ABSENCES**

Chicago State University (University) did not properly account for compensated absences of employees of the University due to inaccurate time reporting and untimely filing of time sheets.

We judgmentally selected 10 employees of the University and noted discrepancies with four (40%) of their submitted records related to compensated absences reporting. We compared the days recorded on each employee's positive time reporting cards required by the Ethics Act to the sick, vacation, and non-cumulative sick time cards submitted to payroll and noted the following discrepancies:

- The accrued compensated absence usage reported on the positive time reporting did not agree to the usage reported to the payroll department on the sick, vacation, and non-cumulative sick time cards. (We were told that one employee's positive time reports were prepared by an assistant of the department and did not accurately reflect time.) The usage of these days reported to payroll were understated by 10 days (9 vacation days and 1 sick day), 21 days (20 vacation days and 1 sick day), 12.5 days (4 vacation days and 8.5 sick days), and 18 days (15 vacation days and 3 sick days), respectively. Therefore, the University's compensated absence schedules do not accurately reflect usage for certain employees.
- Several of the positive time reporting cards were not able to be obtained from the University. (None of the errors noted in the previous bullet include errors related to periods for which positive time reporting cards were not obtained.) Several of the positive time reporting cards were not turned in timely and some did not have a supervisor's signature included on them.

Good business practice requires the University to design control procedures over financial reporting to ensure that it can record, process, summarize and report financial data consistent with management's assertions. The negative time reporting system used for payroll purposes is not an adequate control.

University officials stated that the positive time reporting cards are designed to ensure compliance with the Ethics Act. The positive time reporting cards are not utilized to update compensated absences records as it will produce inaccurate results.

Failure to properly record time relating to compensated absences may cause the University's financial statements to be inaccurate. (Finding Code 06-2)

**RECOMMENDATION**

We recommend that the University implement a system of positive time reporting to be used for both payroll and Ethics Act purposes to ensure that time worked and compensated absences used are reported promptly and accurately.

**UNIVERSITY RESPONSE**

We agree with the recommendation. The University plans to automate the time reporting system to include posting of leave days earned and used on the leave records as payroll is processed. While the system is not yet in place, the leave records will be reviewed to ensure that they are accurately updated.

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**06-3 FINDING: INADEQUATE DOCUMENTATION FOR FEDERAL PROGRAMS**

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

**Federal Department: U.S. Department of Health and Human Services  
CFDA Number: 93.364  
Program Name: Nursing Student Loans  
Questioned Cost: \$43,689**

We requested the University provide us with student promissory notes for the entire Nursing Student Loan Program that are still outstanding. The University was unable to provide the notes for the 54 students totaling \$43,689. These loans were originally awarded approximately 25 years ago.

**Federal Department: U.S. Department of Education  
CFDA Numbers: 84.042, 84.047, 84.066  
Program Name: TRIO Cluster  
Questioned Cost: Undetermined**

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

- One of forty (3%) expenditures (\$3,497) was an advance payment of hotel costs (14 rooms for three nights (42 room nights) at \$74.00 per person per night plus 12.5% tax). However, the University never followed up with the hotel or obtained a final invoice.

**Federal Department: National Science Foundation  
CFDA Numbers: 47.076  
Program Name: Research and Development Cluster (Education and Human Resources)  
Questioned Cost: Undetermined**

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

- One of forty (3%) expenditures (\$1,078) was not properly approved prior to travel being taken. Also, the travel voucher was submitted late (142 days after travel occurred).
- One of forty (3%) expenditures (\$1,561) was for hotel accommodations, which were charged at lodging rates of \$234 per night in Pittsburgh, PA, that exceeded the rates allowed by the State travel regulations of \$110 per night.

**Federal Department: U.S. Agency for International Development (USAID)  
CFDA Number: 98  
Program Name: Textbook and Learning Materials for South African Primary Schools  
Questioned Cost: Undetermined**

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

- Three of forty (8%) expenditures (\$43,382) were for furniture and vehicles which were not properly recorded or tracked in the University's property control records.
- Four of forty (10%) expenditures (\$67,817), consisting primarily of travel prepayments, were missing the appropriate supporting documentation, final invoices, or were incomplete.

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**06-3 FINDING: INADEQUATE DOCUMENTATION FOR FEDERAL PROGRAM EXPENDITURES (Continued)**

- Three of forty (8%) expenditures (\$5,282) were for prepaid per-diem in excess of the state allowed per diem reimbursement.
- One of forty (3%) expenditures (\$2,310) was incorrectly charged to the TLMP Grant Program.

The Code of Federal Regulations (42 CFR 57.308) requires each loan to be evidenced by a promissory note and the University to safeguard the promissory notes from fire, theft, and tampering.

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

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

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

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

OMB Circular A-21 section C, part 4 states that an allowable cost is one incurred solely to advance the work under the sponsored agreement.

University officials stated that the Nursing Student Loan Program dates back to the 1970s and 1980s and the promissory notes were misplaced due to turnover of staff handling student loans. There had been no new loans under the program from those dates. In addition, University officials stated that many of the remaining exceptions occurred during the early part of fiscal year 2006, before the University established control procedures.

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. 06-3, 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

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**06-3 FINDING: INADEQUATE DOCUMENTATION FOR FEDERAL PROGRAM EXPENDITURES (Continued)**

filing system that allows them to locate supporting documentation (including documentation of the necessity for any non-standard travel costs) for all invoices paid as well as student loan promissory notes. 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**

We agree with the recommendation. The University had established control procedures to ensure that prepaid costs are subsequently compared to final actual invoices to ensure prepayments were proper. The University will develop procedures to ensure compliance with travel guidelines and exceptions properly explained and submitted to the Travel Control Board, where necessary. The vehicle was included on the schedule of Property and Equipment supporting the fixed assets reported on its financial statements. The University will arrange to reimburse the Department of Health and Human Services for these loans.

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**06-4 FINDING: OVERAWARD/OVERPAYMENT OF STUDENT FINANCIAL AID**

**Federal Department: U.S. Department of Education, U.S. Department of Health and Human Services**

**CFDA Number: 84.038, 84.007, 84.032, 84.033, 93.925**

**Program Name: Student Financial Aid Cluster**

**Questioned Cost: \$39,048**

Chicago State University (University) did not include scholarships received from other sources as part of student resources. The condition caused an over-award of student financial aid.

We selected a sample of 40 students who received scholarships from the Chicago State University Foundation. Of those 40 students, 31 were awarded Title IV student financial assistance by the University. We then performed tests to determine if those scholarships were included in the University's student needs analysis, and if not, did an overaward/overpayment of Title IV student financial assistance occur. We noted 11 students (45%) who were overawarded/overpaid \$39,048 of Title IV student financial assistance because the scholarships received from outside sources were not included in their calculation of financial need.

The Code of Federal Regulations (34 CFR 673.5) states that scholarships are to be included in a student's estimated financial assistance and an over-award exists when estimated financial assistance awarded exceeds need.

The University attributes this exception to lack of proper procedures needed to ensure that certain types of merit-based scholarships are reported and included as resources in the calculation of financial aid.

Failure to properly include scholarships as resources may cause students to be overawarded aid and may jeopardize future federal funding. (Finding Code No. 06-4).

**RECOMMENDATION**

We recommend the University correct their procedures to ensure that all financial aid received from outside scholarships are considered when determining students' financial need.

**UNIVERSITY RESPONSE**

The University agrees with the recommendation. The University will develop proper procedures to ensure that all financial aid received from outside scholarships are considered when determining students' financial need.

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**06-5 FINDING: EMPLOYEE TRAVEL AND USE OF UNIVERSITY CREDIT CARD**

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

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

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

- A number of restaurant charges totaling \$6,842 were identified as lunches or dinners of which only 1 receipt (\$995) was included in the payment package (such receipt includes charges for alcohol totaling \$139 and a 28% gratuity.) The payment documentation did not identify any specific business purpose for these expenditures. After bringing this matter to the University's attention, the University provided a spreadsheet identifying the purpose of each of the meal charges. The employee was not on travel status when the charges were incurred.
- Thirteen charges, totaling \$3,932, were for tickets to various theatrical events. Of these 13 charges, 8 of them had no receipts on the payment package except the credit card statement and none of them listed the business purpose or participants for these expenditures. After bringing this matter to the University's attention, the University provided a spreadsheet identifying the participants at each event.
- Eighteen charges, totaling \$2,027, were for miscellaneous gifts and fees. Of these items, 14 of them had no receipts attached to the payment packages except the credit card statement.
- At least 36 expenditures, totaling \$19,241, were identified as being supplies or equipment. However, only 2 receipts were included with the payment packages. Three of five equipment items examined were not assigned a property tag from the University or included in the property control records.

While testing travel expenditures (credit card charges and travel vouchers), we noted:

- Direct bill payments were not detailed on the employee's travel vouchers. Many items were directly charged to the University (airfare, hotel, meals, etc.) and were not detailed out on the travel vouchers.
- At least 18 charges on the University credit card were for hotels, airlines, or other travel accommodations (while on travel status). These charges, however, did not have any receipts or invoices attached to the payment package. All of these payments were made from the credit card statement invoice only, without supporting receipts.
- A total of 31 charges did not include any information as to the purpose/itinerary of the trip. After bringing this matter to the University's attention, the University provided some of the meeting purposes and itineraries.
- For 10 charges, the rates for hotels were in excess of the amounts allowed by the Illinois Higher Education Travel Control Board (Board). These charges were on the University credit card bills and there was no documentation identifying whether the hotels were for conference

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hotels and if these accommodations were the least expensive room available. In some instances, there were no receipts to determine if the rates charged were allowable.

- Actual meal costs were being charged to the University instead of a per diem allowance as allowed by the Board. In many instances, there was not enough information to determine if the actual meal costs were greater than the per diem which would have been allowed to be claimed.
- There were instances where unallowable expenditures were being charged to the University. These items include movies, gifts, alcohol, and supplemental charges related to a seminar aboard a cruise. The total amount of these items could not be readily determined.
- In three instances, a total of \$477 was charged to the University for a no-show hotel fee. In two instances, a total of \$50 was charged to the University for an early departure fee.
- Some payments pertained to 2 leadership seminars conducted aboard cruises, where the University was charged for the most expensive room offered. Also, included in these payments was a two night pre-cruise hotel/reception at a cost of \$299 per person. Total charges were \$7,654. This condition involves a different party than the situation described in Finding Number 8 related to a leadership seminar on a Caribbean cruise.
- In four instances, the charges pertained to extended stays in hotels with no documentation as to the reason and instances where an automobile was rented for an extended period with no documentation available.
- In one instance, the airfare was upgraded to first class at an additional total cost of \$1,500 for two individuals. The reason for the upgrade was not documented on a travel voucher.
- In one instance, the hotel charge on the credit card of \$2,871 was not reconciled with the hotel invoice of \$2,746. There were also 3 instances where the traveler did not attend a scheduled conference and the credits to the University credit card were not reconciled to ensure that the University received all of its appropriate charge reversals.

Department of Central Management Services Property Control Rules (44 Ill Admin. Code 5010) requires all changes in equipment records be made within 30 days. It also requires each piece to be marked with a unique six-digit identification number. The State Property Control Act (30 ILCS 605/4) requires responsible officers at each 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.

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

The Higher Education Travel Control Board rules (80 IL Admin. Code section 2900.40) states that the per diem allowance is allowed when the travel period is overnight or exceeds 18 hours. The per diem allowance is the maximum allowance and is given in lieu of "living expenses incurred". It also states that if an employee attends a conference and obtains overnight accommodations where the conference is being held, the employee may be reimbursed for room cost in an amount greater than the maximum room allowance if the room rate is the lowest available at that hotel. It must be asserted in writing on the travel voucher that the employee stayed at the hotel where the conference was being held or conference officials arranged for accommodations. It also states that alcoholic



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**06-5 FINDING: EMPLOYEE TRAVEL AND USE OF UNIVERSITY CREDIT CARD (continued)**

beverages and entertainment are not reimbursable expenses. Section 2900.30 states that all travel shall be by the most economical transportation available, considering travel time, cost, and work requirements. It further states that travel on airplanes shall ordinarily be coach class. First class accommodations on commercial air carriers shall be explained on the travel voucher. Section 2900.60 states that direct bill charges and the purpose of the travel shall be itemized on the employees' travel vouchers. Further, Illinois Travel Regulation Council travel rules (80 IL Admin. Code section 3000.600(b)) state that late checkout and room guarantee charges are not reimbursable expenses. The employee's contract does not provide for meals when not on travel status. Good business practices require that invoices only be paid once an actual receipt is received and not paid off of the credit card statement.

University officials stated they believe the conditions cited result from a combination of timing, availability and urgent circumstances that were identified when the expenditures were incurred. The exceptions were also partly due to significant staff turnover in accounts payable and purchasing in fiscal year 2005 and new employees' attempts to surmount the usual learning curve.

University officials also stated the extended services were justified considering the flight schedules, penalties/change fees on the flights and flight/vehicle availability. Some vehicle rentals charge lower fees for week rental than a per day rental. As for the upgrades, these upgrades were necessary due to the length/nature of the trip and because the travelers needed to meet to finalize preparations for the trip/mission.

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

**RECOMMENDATION**

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

**UNIVERSITY RESPONSE**

We agree with the recommendation. The University will schedule staff training on voucher processing to ensure that University procedures and applicable State regulations are complied with. The University will implement procedures in voucher processing to document exceptions and track their subsequent disposition.

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**06-6 FINDING: INTERNAL CONTROLS OVER CONTRACTS**

Chicago State University's (University's) internal controls over contracts need to be improved.

We made inquiries to University officials as to whether there were any contracts greater than \$3 million, and we were informed that the University had no contracts greater than \$3 million. During our testing of expenditures and voucher processing, we had previously noted that there was a payment made by the University to the Chicago State University Foundation (Foundation) for \$3.5 million. On October 16, 2006, we asked the University to provide us with a copy of the contract related to the \$3.5 million payment, and one was produced on October 23, 2006.

The contract that was provided to us was between the University and the Foundation. The University received a \$3.5 million grant from the Illinois Department of Commerce and Economic Opportunity for the program entitled Chicagoland Regional College Program. The grant period covered July 1, 2005 through June 30, 2006. In previous years, the Foundation was the grantee.

In reviewing the contract and related documents, we noted that it had been executed after payment was made. The agreement was on an internal form that was dated after the time of the payment and therefore was not in existence at the time of payment. Payment of \$3,500,000 was made on February 1, 2006.

Good business practices require that contracts be reduced to writing and executed by the responsible agency officials prior to the commencement of services. Furthermore, providing the auditors with evidential matter that was not actually in existence could lead the auditors to the conclusion that the agency is operating in an improper control environment.

University officials stated that the employee who provided the auditors with the contract executed after the commencement date did not see it as a serious problem due to the contract being between the University and the Foundation and not with an outside vendor. University officials also stated that there was a presumption that the agreement was made at the time of the service and that it was covered by the master contract between the University and the Foundation.

The failure to reduce contracts to writing prior to the commencement of services could lead to potential legal issues. Providing inaccurate and improper evidential matter to the external auditors leads to an increase in the level of auditor scrutiny, beyond that found in a proper control environment. (Finding Code No. 06-6)

**RECOMMENDATION**

We recommend that the University execute all contracts prior to the commencement of services.

**UNIVERSITY RESPONSE**

We agree with the recommendation. This was an unusual and isolated situation. The appropriate administrative actions were taken regarding this situation.

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**06-7 FINDING: TIME SHEETS NOT MAINTAINED IN COMPLIANCE WITH THE STATE OFFICIALS AND EMPLOYEE ETHICS ACT**

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

Of the 30 employees' time sheets that were examined for testing compliance with the Act, 21 (13 faculty and 8 non-faculty) did not submit time sheets documenting the time spent each day on official State business to the nearest quarter hour (2 non-faculty timesheets were later submitted to the auditors weeks after the request).

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

By not requiring appropriate time sheets from all its employees, the University is not in compliance with the Act. (Finding Code Nos. 06-7, 05-6)

**RECOMMENDATION**

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

**UNIVERSITY RESPONSE**

We agree with the recommendation. The University will explore the ways to adhere to the Ethics Act. The University is considering implementing an automated time-keeping system, and believes that the implementation of this system will help the University to comply with the Ethics Act.

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**06-8 FINDING: NONCOMPLIANCE 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 policy and procedures.

Our examination of 26 travel reimbursements/invoices revealed several issues. We noted the following:

- One reimbursement request (\$13,751) for travel outside the 48 contiguous states was not timely approved by the University President.
- One invoice (\$1,503) included collision damage waiver fees (\$44) charged for a car rental, even though the Illinois Travel Regulation Council's rules state that these are not reimbursable expenses.
- Two 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 \$205 (the hotel has indicated that \$175 was traditional room rate for this conference and \$205 was the premium room rate) and \$149 per night. The University could not provide any evidence of these being conference hotels and the least costly rooms available. Neither of these exceptions were presented to the Travel Control Board for approval of the exception.
- One invoice/reimbursement request included lodging rates in excess of those allowed for conference hotels. The Travel Control Board allows for the conference room rate to be at the lowest available at that hotel. The University allowed charges of \$229 when the lowest room rate available was \$209.
- Two invoices/reimbursement requests included payments for extended stays beyond the dates of conferences. There was no documentation on the requests indicating the reason additional time was spent at the hotel. The payments for these extended periods were \$214 and \$170.
- Three invoice/reimbursement requests included payments for flight or room accommodation upgrades. There was no indication on the original documents of the necessity for the upgrades. The amounts of these upgrades could not be readily determinable.
- Three individuals used a privately owned vehicle for University travel. The University did not have any documentation or a certification that these people were properly licensed.
- One expenditure was for a 9 day Leadership Seminar in conjunction with a 9 day cruise of the Caribbean. We noted that this expenditure included room accommodations at the most expensive rate available (\$2,999) instead of the least expensive accommodations offered (\$1,499). The University did not provide any evidence of the extra cost being reimbursed by the employee. No travel voucher was submitted by the employee for this trip. This condition involves a different party than the situation described in Finding Number 5.

The University policy for travel reimbursements states that all travel must be approved in advance on a Travel Authorization Form. Requests for travel outside the 48 states of the continental United States must be presented 30 days prior to the beginning of the trip and must be approved by the President.

The 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 and that employees using privately owned vehicles are required to file a statement that they are duly licensed. The Higher Education Travel Control Board rules (80 IL Admin Code Sections 2900.40)

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**06-8 FINDING: NONCOMPLIANCE WITH TRAVEL REGULATIONS (continued)**

states if an employee attends a conference and obtains overnight accommodations where the conference is being held, the employee may be reimbursed for room cost in an amount greater than the maximum room allowance if the room rate is the lowest available at that hotel. It must be asserted in writing on the travel voucher that the employee stayed at the hotel where the conference was being held or conference officials arranged for accommodations.

University officials stated that the conditions were the result of a combination of timing, availability and urgent circumstances that were identified when the reimbursement or direct payment voucher was turned in, after the Travel Control Board reports were processed. The other exceptions were also partly due to significant staff turnover in accounts payable and purchasing in fiscal year 2005 and new employees' attempts to surmount the usual learning curve. As for the extended stay, the fiscal officer who approved the stay indicated that the stay was necessary considering the flight schedules and the penalties/change fees on the flights justify the costs of the extra day. As for the upgrades, these upgrades were necessary due to the length of the flight and because the travelers needed to meet to finalize preparations for the trip/mission.

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

**RECOMMENDATION**

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

**UNIVERSITY RESPONSE**

We agree with the recommendation. The University will schedule staff training on voucher processing to ensure that University's procedures and applicable State regulations are complied with. The University will develop procedures to ensure compliance with travel guidelines and exceptions properly explained and submitted to the Travel Control Board, where necessary. The University will implement procedures in voucher processing to document exceptions and track their subsequent disposition.

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**06-9 FINDING: INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT RECORDS**

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

In performing our tests of University equipment, we found exceptions with 40 of the 100 (40%) items that were sampled. The following exceptions were noted:

- Twelve items (primarily computer equipment and library collections), with a cost of \$74,980, could not be located by University personnel.
- Three items, with an approximate cost of \$28,050, were found at a location other than the location listed in the property control records. One item (filing cabinet) was listed in the property control system as being scrapped but was actually found on the University campus.
- Two items (mini dock station and computer), with a cost of \$1,836, were physically inspected and appeared to be obsolete.
- Six items (ramen spectrometer, art, rug, computer equipment, and a sculpture) were assigned tag numbers, but they had no tags affixed. We also noted one expenditure (miscellaneous used equipment) where the University could not provide us with tag numbers and three expenditures where the University did provide us with tag numbers, but we were not able to trace the numbers provided to the University's property control records.

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

- One item (printer) was listed twice on the listing.
- Five items (segways, car, mixer, and a body mass analyzer), with a total cost of \$74,789, were not included on the listing.

We also noted six items which were incorrectly reported on the University deletion reports.

In addition, the University reported the current quarter Capital Development Board transfers on its C-15 reports as additions to the current quarter instead of transfers in from CDB.

Department of Central Management Services Property Control Rules (44 Ill. Admin Code 5010) requires all changes in equipment records be made within 30 days. It also requires each piece to be marked with a unique six digit identification number. The State Property Control Act (30 ILCS 605/4) requires responsible officers at each 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. Additionally, Statewide Accounting Management System Procedure (29.20.10) states that current quarter transfers from CDB are to be reported in the column identified as such.

University officials stated these exceptions occurred due to lack of staff and staff turnover. In addition, during the fiscal year and during the audit, there were campus-wide upgrades from one vendor's computer equipment to another's, room assignment changes, and library moves that property control staff were heavily involved in. Consequently, there has been a backlog in many functions, including

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the updating of the property records, reconciliation and investigation of physical count results, and reconciliation of expenditure records and property additions. In addition, the tags may have fallen-off certain items. The University officials maintain that the reporting of current quarter transfers from Capital Development Board in the quarter it belongs to, yields more timely and accurate presentation of such transfers and avoids the duplication of time and effort.

Inaccurate property control records results in incorrect accounting information and could cause unnecessary equipment expenditure and inaccurate financial reporting. Equipment not properly tagged could lead to improper use of University assets. (Finding Code Nos. 06-9, 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. Further, the University should adhere to the requirements of SAMS and submit their C-15 reports to the Office of the Comptroller accurately.

**UNIVERSITY RESPONSE**

We agree with the recommendation. The University continues its efforts to improve controls and procedures over equipment. The item (a metal filing cabinet) was reported by the Fiscal Officer to Property Control as scrap and appropriately removed from the Property Module. However, the item was retained by another department for storage until they purchased a replacement. The University plans to appeal to the Illinois Comptroller' Office to change its procedures pertaining to reporting of CDB transfers. The current accounting systems utilized by the state agencies and universities allow recording such transfers in the quarter they belong.

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**CURRENT FINDINGS – STATE**

**06-10 FINDING: FAILURE TO INCLUDE TAXABLE FRINGE BENEFITS IN EMPLOYEE’S REPORTED INCOME**

Chicago State University (University) calculated the amount of working condition fringe benefits from the personal use of a State vehicle but failed to add the fringe benefit to the employee’s federal and state taxable income reported on Form W-2. In addition, the University did not calculate and report the taxable fringe benefit of family members traveling with the employee.

Our testing of taxable working condition fringe benefits reporting revealed that the University had calculated the amount of fringe benefits for the personal use of a State vehicle totaling \$11,949. The University, however, failed to add the fringe benefit amount to the employee’s federal and state taxable income on Form W-2. The amount was correctly added to the Medicare wage, but was not reported as taxable wages on the employee’s W-2. In addition, the employee’s employment contract provided for the University to pay up to \$10,000 of travel expenses of the employee’s spouse, dependents, or other individuals. Although provided for in the employment contract, this fringe benefit is still considered compensation by the Internal Revenue Service. The taxable fringe benefit for the employee’s family members traveling with the employee (at the expense of the University) was not readily determinable for calendar year 2005, and none was reported.

The Internal Revenue Code Publication 535 requires the fair value of “personal use” of an employer provided vehicle to be included as a taxable fringe benefit, and to include such amounts in the employee’s income as compensation. In addition, the University is required to withhold additional income taxes, social security, and Medicare taxes and State retirement contributions from the employee and pay any employer’s share of tax related to the value of fringe benefits.

The Internal Revenue Code Title 26, Chapter 1, section 274 (m)(3) does not provide for travel expenses paid or incurred with respect to a spouse, dependent, or another individual accompanying an employee on business travel unless such expenses would otherwise be deductible (a bona-fide business purpose) by the spouse, dependent, or other individual under Code section 162(a). Internal Revenue Service Regulation 1.132-5(t)(1) states that in order to be excludable from an employee’s compensation as a working condition fringe benefit, the amount must otherwise qualify as a deduction under Code section 162(a).

University officials stated that the working condition fringe benefits were not reported on the correct line of the employee’s W-2 for Federal and State income tax due to an oversight.

The University’s failure to include taxable fringe benefits in an employee’s income is a violation of Federal and State income tax laws and may result in penalties and interest being assessed to the University. (Finding Code No. 06-10)

**RECOMMENDATION**

We recommend the University improve procedures for calculating and reporting employee fringe benefits.

**UNIVERSITY RESPONSE**

We agree with the recommendation. The University will obtain an IRS ruling on certain items whether they are taxable fringe benefits or not. The University will comply with the IRS determination as applicable.



**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2006**

**CURRENT FINDINGS – STATE**

**06-11 FINDING: FAILURE TO FILE CONTRACTS WITH THE STATE COMPTROLLER**

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

Our testing of 25 contractual service expenditures included 6 contracts which were not on file with the State Comptroller's Office and 2 that were not filed within 15 days of execution.

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

University officials stated that these were isolated incidents.

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

**RECOMMENDATION**

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

**UNIVERSITY RESPONSE**

We agree with the recommendation. The University will coordinate with the Illinois Office of the Comptroller to ensure that contracts submitted by the University are received and acknowledged.

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2006**

**CURRENT FINDINGS – STATE**

**06-12 FINDING: NONCOMPLIANCE WITH CONTRACTUAL SERVICE REGULATIONS**

Chicago State University's (University) contracting procedures need to be improved.

During our examination of 22 contracts, we noted the following:

- Two of 22 (9%) contracts were dated by a University official who signed them, but the date of signature was after the services commenced. The total amount of services provided prior to the approval date was not determinable. One contract was for \$70 per hour not to exceed \$10,000. The second contract was for \$14,734.
- We also noted another situation where a contract should have been prepared and executed, however one was not. This involved the rental of an electrical generator. This generator was an emergency purchase; however, neither an emergency purchase affidavit nor a written contract were ever completed. The need to rent the generator ran much longer than expected and eventually surpassed the criteria threshold requiring bidding and a contract. The total amount expended was \$39,761.

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

University officials stated that these were isolated exceptions and were caused by unusual circumstances.

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

**RECOMMENDATION**

We recommend that the University comply with the SAMS Manual and ensure that contracts are fully executed prior to commencement.

**UNIVERSITY RESPONSE**

We agree with the recommendation. The University will enhance its processing procedures to provide a review of contracts as they are encumbered in the system to ensure compliance with contractual service regulations.

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS - PRIOR FINDINGS NOT REPEATED  
FOR THE YEAR ENDED JUNE 30, 2006**

**PRIOR FINDINGS NOT REPEATED – FEDERAL COMPLIANCE**

**06-13 Finding: Failure to Provide Matching Funds for Federal Programs**

The University did not provide required matching funds for a Federal Award Program. (Finding Code No. 05-2)

Status – Not repeated

Our sample testing did not reveal evidence of failure to provide matching funds that were required for the Federal Programs that were tested as major programs.

**06-14 Finding: Inadequate Control Procedures to Notify Pass-Through Grantors of Audit Results**

The 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. (Finding Code No. 05-3)

Status – Not repeated

Our sample testing did not reveal any evidence of the University not notifying pass-through grantors of the results of the University's audit.

**PRIOR FINDINGS NOT REPEATED – STATE**

**06-15 Finding: Failure to Complete Ethics Training within Six Months of Employment**

The 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. (Finding Code No. 05-7)

Status – Not repeated

Our sample testing did not identify any significant failures to provide ethics training within six months of initial employment.

**06-16 Finding: Noncompliance with the University Facilities Revenue Bond Indenture**

The University did not fully comply with the continuing disclosure requirements of the University Facilities Revenue Bond. (Finding Code No. 05-9)

Status – Not repeated

Our sample testing did not indicate that the University failed to comply with the continuing disclosure requirements of the University Facilities Revenue Bond.

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

**SUMMARY**

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

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

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, except for the portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

<u>Source/Program</u>	<u>Federal CFDA #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>STUDENT FINANCIAL AID CLUSTER</b>			
<b>DEPARTMENT OF EDUCATION:</b>			
Direct Programs:			
Student Financial Aid Cluster:			
<i>Federal Supplemental Educational Opportunity Grants</i>	84.007		\$ 516,394
<i>Federal Work-Study Program</i>	84.033		491,189
<i>Federal Pell Grant Program</i>	84.063		10,341,172
<i>Federal Perkins Loan Program (Note 2)</i>	84.038		-
<i>Federal Family Education Loans (Note3)</i>	84.032		-
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
Direct Program:			
Student Financial Aid Cluster:			
<i>Nursing Student Loan Program (Note 2)</i>	93.364		-
<i>Scholarships for Health Professions Students from Disadvantaged Backgrounds - SDS Nursing Program</i>	93.925		89,815
<b>Total Student Financial Aid Cluster</b>			<u>11,438,570</u>
<b>DEPARTMENT OF EDUCATION:</b>			
TRIO Cluster:			
<i>TRIO-Student Support Services</i>	84.042		377,326
<i>TRIO-Upward Bound</i>	84.047		405,841
<i>TRIO-Upward Bound</i>	84.047		323,097
<i>TRIO-Educational Opportunity Centers</i>	84.066		336,503
<b>Total TRIO Cluster</b>			<u>1,442,767</u>
<i>Project Nueva Generacion</i>	84.195E		68,582
<i>Teachers and Personnel Grants</i>	84.195A		107,614
<i>Minority Science And Engineering Improvement Program</i>	84.120		84,239
<i>Fund for the Improvement of Postsecondary Education</i>	84.116		236,513
<i>Community Technology Centers Program</i>	84.341		16,281
<i>Trio-Dissemination Partnership Grants</i>	84.344		223,823
<i>Hurricane Education Recovery</i>	84.938		97,304
<b>Total Direct Programs</b>			<u>2,277,123</u>
Passed Through Programs From:			
Illinois Board of Higher Education			
<i>Improving Teacher Quality State Grants - Chicago Collaborative for High School Science</i>	84.367	F983NCLB12	105,031
Illinois State Board of Education			
<i>Vocational Education-Basic Grants to States - Illinois University Council for Career &amp; Technical Education</i>	84.048	0647200117-064545051	4,740
The Jane Addams Hull House			
<i>Early Reading First/Hull House Project</i>	84.359		52,185
<b>Total Passed Through Programs</b>			<u>161,956</u>
<b>Total Department of Education</b>			<u>2,439,079</u>
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>			
<b>NATIONAL INSTITUTES OF HEALTH</b>			
<i>Biomedical Research and Research Training - Minority Biomedical Research Support (MBRS)</i>	93.859		2,204,834
<i>Mental Health Research Grant(s)</i>	93.242		223,360
<i>Child Health and Human Development Extramural Research- EARDA</i>	93.865		58,373

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

<u>Source/Program</u>	<u>Federal CFDA #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>RESEARCH AND DEVELOPMENT CLUSTER (continued)</u></b>			
Passed Through Programs From:			
American Psychological Association <i>Biomedical Research and Research Training - Developing Minority Biomed</i>	93.859	5T36GM00864006	10,492
Northwestern University <i>Biomedical Research and Research Training - MS-Phd Bridge to the Future</i>	93.859	1R25GM068929	164,806
University of Illinois <i>Biomedical Research and Research Training - Training at the Masters Level</i>	93.859	5R25GM07195902	126,206
<b><u>NATIONAL SCIENCE FOUNDATION</u></b>			
<i>Education and Human Resources - AMP- Chicago Science, Engineering and Math Alliance</i>	47.076		1,802,067
<i>Education and Human Resources - Improving Student Understanding of Physics at an Inner-City University through the use of Concept and Activity-Based Tutorials</i>	47.076		6,190
<i>Education and Human Resources - Support, Mentoring, Accountability, Research and Training: A Sustainable, Thriving Program in Mathematical Sciences</i>	47.076		69,390
<i>Biological Sciences - Acquisition of a Florescence-Activated Cell Sorter to Support Research And Training at CSU</i>	47.074		337,684
Passed Through Program From:			
Illinois Institute of Technology <i>Engineering Grants - Virtual Experiments for Biomedical Engineering Education</i>	47.041	EEC-0080527	3,435
<b><u>NATIONAL OCEANIC &amp; ATMOSPHERIC ADMINISTRATION</u></b>			
Passed Through Program From:			
Wilbur Wright College <i>Educational Partnership Program - Environmental Entrepreneurship Program Dev't &amp; Enhancement</i>	11.481	NA16AE2932	12,878
<b><u>ARMY RESEARCH OFFICE, ARMY MATERIAL COMMAND</u></b>			
<i>Basic Scientific Research - Microwave Laboratory Systems To Enhance Research Opportunities &amp; Scientific Edu</i>	12.431		99,895
<b>Total Research And Development Cluster</b>			<u>5,119,610</u>
<b><u>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES:</u></b>			
Direct Programs:			
<i>Nursing Workforce Diversity Grant</i>	93.178		308,309
<i>Nurse Education, Practice and Retention Grants - CSU's Access to Nursing Care Through Service Learning</i>	93.359		180,282
<i>Nurse Education, Practice and Retention Grants: Career Ladder</i>	93.359		298,652
<i>Temporary Assistance for Needy Families</i>	93.558		289,170
Total Direct Programs			<u>1,076,413</u>
Passed Through Programs From:			
City of Chicago:			
<i>Headstart/PCFD</i>	93.600	05-0890-52-2005-0140-0140-05CI6E	1,332,500
<i>Headstart Program</i>	93.600	005-0890-52-2005-0140-0140-05CI7A	112,449
<i>Head Start Collaboration</i>	93.600	005-0890-52-2005-0140-0140-05CI6A	292,732
<i>Head Start Developing Communities Project</i>	93.600	005-0890-52-2005-0140-0140-05CI6A	286,457
Total Head Start			<u>2,024,138</u>
<i>Social Services Block Grant - Developing Community Project/Child Care Services</i>	93.667	005-0890-52-2005-0140-0140-05CI6A	714,444
Total			<u>2,738,582</u>

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

<u>Source/Program</u>	<u>Federal CFDA #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (continued):</u></b>			
The University of Illinois at Chicago:			
<i>Health Careers Opportunity Program - Six Week Summer Health Careers Opportunity Program</i>	93.822	5D18HP02992-05	48,988
<i>Health Careers Opportunity Program - UIC/SPH/CSU Health Careers Opportunities Program</i>	93.822	9212-HCOP-HHS-HP0312701	78,920
Central State University:			
<i>Family and Community Violence Prevention Program - Family Life Center</i>	93.910	5MPCMP94001	255,099
National Youth Sports Program Fund:			
<i>Community Services Block Grant_Discretionary Awards - National Youth Sports Program</i>	93.570	NYSPF051026	47,033
Total Passed Through Programs			3,168,622
<b>Total Department of Health and Human Services</b>			4,245,035
<b><u>U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT</u></b>			
Direct Program:			
<i>Textbook &amp; Learning Materials For South African Primary Schools</i>	98.	RLA-A-00-05-00072-00	439,075
<b>Total U.S. Agency for International Development</b>			439,075
<b><u>DEPARTMENT OF AGRICULTURE</u></b>			
Direct Program:			
<i>Scientific Cooperation and Research</i>	10.961		6,461
Passed Through Programs From:			
Illinois State Board of Education			
<i>Child &amp; Adult Care Food Program</i>	10.558	14016315P00	84,883
<i>State Administration Expenses for Child Nutrition</i>	10.560	14016315P00	1,426
<i>Summer Food Service Program for Children</i>	10.559	14016315P00	24,747
Total Passed Through Programs			111,056
<b>Total Department of Agriculture</b>			117,517
<b><u>INSTITUTE OF MUSEUM &amp; LIBRARY SERVICES</u></b>			
Direct Program:			
<i>Grants to States</i>	45.310		433
<b>Total Institute of Museum &amp; Library Services</b>			433
<b><u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Passed Through Program From:			
Chicago Housing Authority			
<i>Resident Opportunity and Supportive Services - Home Ownership and Family</i>	14.870	IL02RNN002P0014	3,183
<b>Total US Department of Housing &amp; Urban Development</b>			3,183
<b><u>SMALL BUSINESS ADMINISTRATION</u></b>			
Direct Program:			
<i>Small Business Development Center</i>	59.037		14,235
<b>Total Small Business Administration</b>			14,235
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 23,816,737</b>

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

**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, 2006. 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, 2006 totaled \$2,007,593. Loan advances for the year ended June 30, 2006 totaled \$233,722. Interest income on loans totaled \$50,605 and other income totaled \$17,706.

- **NURSING STUDENT LOAN PROGRAM**

The balance of loans receivable as of June 30, 2006 was \$43,689. There were collections of \$2,167 and \$782 in cancellations this fiscal year.

**3. FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP)**

The University approved \$22,785,604 in FFELP Loans (Stafford Subsidized - \$13,274,848, Stafford Unsubsidized - \$9,201,154 and Parent Loans [Plus] - \$309,602).



**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
APPROPRIATIONS FOR FISCAL YEAR 2006**

**FOURTEEN MONTHS ENDED AUGUST 31, 2006**

Public Act No. 94-0015

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2006	Lapse Period Expenditures (July 1-Aug 31)	Total Expenditures	Balances Lapsed
<b>GENERAL REVENUE FUND (001)</b>					
Personal services	\$ 34,628,900	\$ 34,628,840	\$ 60	\$ 34,628,900	\$ -
Social Security	376,800	376,800	-	376,800	-
Group Insurance	512,000	512,000	-	512,000	-
Contractual services	1,992,700	1,992,700	-	1,992,700	-
Travel	11,000	11,000	-	11,000	-
Commodities	11,000	11,000	-	11,000	-
Equipment and library books	168,100	168,100	-	168,100	-
Telecommunications	304,400	304,400	-	304,400	-
Operation of Automotive Equipment	1,000	1,000	-	1,000	-
Awards and grants	104,400	104,400	-	104,400	-
Doctor of Education in Ed. Leadership	150,000	150,000	-	150,000	-
HIV/AIDS Policy Research	400,000	400,000	-	400,000	-
	<u>38,660,300</u>	<u>38,660,240</u>	<u>60</u>	<u>38,660,300</u>	<u>-</u>
Total General Revenue Fund (001)					
	<u>38,660,300</u>	<u>38,660,240</u>	<u>60</u>	<u>38,660,300</u>	<u>-</u>
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 38,660,300</b>	<b>\$ 38,660,240</b>	<b>\$ 60</b>	<b>\$ 38,660,300</b>	<b>\$ -</b>

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

**FOR THE YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR 2005)**

	<u>2006</u> <u>PUBLIC ACT</u> <u>94-0015</u>	<u>2005</u> <u>PUBLIC ACT</u> <u>93-0842</u>
<b>GENERAL REVENUE FUND (001)</b>		
<b>APPROPRIATIONS</b>	<u>\$ 38,660,300</u>	<u>\$ 38,845,285</u>
<b>EXPENDITURES</b>		
Personal services	34,628,900	34,861,700
Social Security	376,800	369,100
Group Insurance	512,000	-
Contractual services	1,992,700	2,026,200
Travel	11,000	16,000
Commodities	11,000	16,000
Equipment and library books	168,100	313,700
Telecommunications	304,400	304,400
Operations of Automobile	1,000	1,000
Awards and Grants	104,400	102,200
Title II, teacher quality enhancement	-	250,000
Doctor of Education in Ed. Leadership	150,000	84,985
Financial Assistance Outreach Center	-	250,000
HIV/AIDS Policy & Research	400,000	250,000
Total expenditures	<u>38,660,300</u>	<u>38,845,285</u>
Lapsed balances	<u>-</u>	<u>-</u>
<b>GRAND TOTAL</b>		
<b>APPROPRIATIONS</b>	38,660,300	38,845,285
<b>EXPENDITURES</b>	<u>38,660,300</u>	<u>38,845,285</u>
<b>TOTAL LAPSED BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2006  
(With comparative totals for the year ended June 30, 2005)**

	<b>2006</b>	<b>2005</b>
<b>INCOME FUND REVENUES</b>		
Tuition revenue	\$ 23,871,251	\$ 20,739,854
Laboratory fee	228,376	208,071
Late registration fee	67,902	41,988
NSF check fee	2,380	2,780
Deferred payment fee	67,529	66,859
Graduation fee-undergraduate	16,512	17,126
Graduation fee-graduate	8,460	9,290
Transcript fee	76,240	78,432
Application fee	116,717	118,609
Interest income	414,304	95,365
Miscellaneous other income	82,820	51,689
<b>TOTAL INCOME FUND REVENUES</b>	<b>\$ 24,952,491</b>	<b>\$ 21,430,063</b>
<b>INCOME FUND EXPENDITURES</b>		
Personal services	\$ 11,462,406	\$ 9,692,618
Social Security	213,574	189,169
CMS Group Insurance	512,000	1,024,000
Contractual services	6,172,648	5,092,496
Travel	241,169	144,556
Commodities	988,521	821,869
Equipment and library books	1,724,103	702,070
Telecommunications	122,409	144,497
Operation of automotive equipment	29,956	26,063
Permanent improvements	1,074,496	41,788
<b>TOTAL INCOME FUND EXPENDITURES</b>	<b>\$ 22,541,282</b>	<b>\$ 17,879,126</b>

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
SCHEDULE OF CHANGES IN STATE PROPERTY  
FOR THE YEAR ENDED JUNE 30, 2006**

(In thousands)

	<b>Beginning Balance at June 30, 2005</b>	<b>Additions</b>	<b>Reclassifications</b>	<b>Retirements</b>	<b>Ending Balance at June 30, 2006</b>
Land	\$ 8,668	\$ 600	\$ -	\$ -	\$ 9,268
Buildings and building improvements	74,344	906	30,800	-	106,050
Site improvements	9,495	-	-	-	9,495
Equipment	29,447	2,516	-	(667)	31,296
Library books	9,113	332	-	-	9,445
Construction in-progress	48,686	32,566	(30,800)	-	50,452
<b>TOTAL</b>	<b>\$ 179,753</b>	<b>\$ 36,920</b>	<b>\$ -</b>	<b>\$ (667)</b>	<b>\$ 216,006</b>

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 30,2006**

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

<b>REVENUES</b>	<b><u>Balance FY 06</u></b>	<b><u>Balance FY 05</u></b>	<b><u>\$ Difference</u></b>	<b><u>%</u></b>
<b>FEDERAL GRANTS AND CONTRACTS:</b> The funding from the following grants increased significantly; Alliance for Minority Participation \$1,084,056, MBRS \$847,496, Head Start \$693,171, Pell Grant \$441,629, Textbook and Learning Materials in Ghana, Africa, and Acquisition of a Fluorescence ... \$337,684	\$ 24,538,317	\$ 19,359,175	\$ 5,179,142	26.8%
<b>STATE AND LOCAL GRANTS AND CONTRACTS:</b> The increase mainly pertains to the Infrastructure for CSU's Convocation Center grant.	\$ 6,168,150	\$ 5,067,637	\$ 1,100,513	21.7%
<b>NON-GOVERNMENTAL GRANTS AND CONTRACTS:</b> Main contributor to this increase is in private grant for Northeastern Illinois Food Security which increased \$150 thousand.	\$ 475,457	\$ 141,795	\$ 333,662	235.3%
<b>CAPITAL GRANTS AND APPROPRIATIONS:</b> The increase is due to the addition of the newly constructed Library and the Convocation Center which is nearing completion as well.	\$ 28,253,484	\$ 14,593,710	\$ 13,659,774	93.6%
 <b>EXPENSES</b>				
<b>RESEARCH:</b> Equipment expenditures in new and continuing Federal-HHS grant programs contributed to this increase, in the area of Research in Chemistry & Physics, \$616 thousand. Personal Services also increased in Research in both Faculty and Extra help line items, \$250 thousand.	\$ 3,863,448	\$ 2,340,702	\$ 1,522,746	65.1%
<b>STUDENT SERVICES:</b> Student Financial Assistance expenses increased \$3.5 million related to the Chicagoland Regional College Grant program, offset by decreases mainly in Personal Services.	\$ 11,056,396	\$ 8,781,577	\$ 2,274,819	25.9%
<b>OPERATION AND MAINTENANCE OF PLANT:</b> There was decreased spending for Operation and Maintenance of Plant, with reductions throughout, particularly in Residence Remodeling, Utilities Maintenance, and Other O&M Activities.	\$ 6,402,239	\$ 8,204,625	\$ (1,802,386)	-22.0%

STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF CASH, TEMPORARY CASH INVESTMENTS,  
AND INVESTMENTS - AT MARKET VALUE  
AS OF JUNE 30, 2006  
(With Comparative Totals as of June 30, 2005)

	<u>2006</u>	<u>2005</u>
<b>By Depository</b>		
Cash and temporary cash investments:		
Citibank , Chicago, Illinois, Money Market Account	\$ 241	\$ 239
Checking accounts:		
Shore Bank, Chicago, Illinois, Depository Account	944,771	548,553
Shore Bank, Chicago, Illinois, ECA Account	1,306	650
Shore Bank, Chicago, Illinois, Student Loan Account	147,145	863,174
Shore Bank, Chicago, Illinois, HHS Account	705	394
Citibank, Chicago, Illinois, Vendor Disbursement Account	(241,433)	(942,042)
Citibank, Chicago, Illinois, Student Disbursement Account	(18,418)	1,328
Citibank, Chicago, Illinois, Electronic Depository Account - Local	18,525	56,965
Citibank, Chicago, Illinois, Electronic Depository Account - International	1,411	61,216
Citibank, Chicago, Illinois, TMS Account	3,232	11,493
Bank One, Chicago, Illinois, Payroll Account	153,299	98,957
Harris Bank, Chicago, Illinois, HUD Account	87,906	95,000
The Illinois Funds, Springfield, Illinois, Clearing Fund	7,973,634	848,684
The Illinois Funds, Springfield, Illinois, Payroll Fund	3,174	3,049
Temporary cash investments -		
Seaway Bank, Chicago Illinois, Bond Revenue Proceeds	1,230,348	1,709,298
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 10,305,846</u></b>	<b><u>\$ 3,356,958</u></b>
 <b>By Fund</b>		
Unrestricted current funds	\$ 6,174,656	\$ 1,937,298
Restricted current funds	(1,470,642)	(1,923,578)
Loan funds	(817)	(3,715)
Plant Funds	5,336,029	3,188,109
Agency Funds	266,620	158,844
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 10,305,846</u></b>	<b><u>\$ 3,356,958</u></b>

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN ASSET AND LIABILITY ACCOUNTS  
FOR THE YEAR ENDED JUNE 30,2006**

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

	<u>Balance FY06</u>	<u>Balance FY05</u>	<u>\$ Difference</u>	<u>% Difference</u>
<b><u>ASSETS</u></b>				
<i>Cash and cash equivalents:</i> Cash and cash equivalents increased by more than twofold as compared to prior year due to improved State collections and the Seimen's reserves.	\$ 10,305,846	\$ 3,356,958	\$ 6,948,888	207%
<i>Balance in State Appropriation:</i> The change in the State Appropriation wase due to the University spending State funds first, then local funds.	\$ 294,601	\$ 3,600,231	\$ (3,305,630)	-92%
<i>Prepaid Expenses and Other Assets:</i> Reflects expensing of CDB construction deposit for construction of the Convocation Center at the University.	\$ 223,026	\$ 4,428,869	\$ (4,205,843)	-95%
<i>Capital Assets:</i> Increase in net investment in plant funds at the University due to the acquisition and construction of structures taking place at the University. Projects include new Library, Convocation Center and real estate acquisition.	\$ 136,396,279	\$ 103,457,913	\$ 32,938,366	32%
<b><u>LIABILITIES</u></b>				
<i>Deferred revenue:</i> Deferred revenues increased in the categories of Tuition and Fee at \$284,000 and Grants and Contracts at \$66,000, due mainly to increase tuition revenues and new or increased Grants.	\$ 1,617,160	\$ 1,296,982	\$ 320,178	25%
<i>Performance contract notes payable:</i> The decrease in the performance contract is due another year of payments being currently due on the performance contract which is in litigation.	\$ 2,216,677	\$ 2,884,117	\$ (667,440)	-23%

**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, 2006  
(With Comparative Totals as of June 30, 2005)**

<b>Balance Sheet at June 30 of</b>	<u>2006</u>	<u>2005</u>	<u>Change</u>
<b>Accounts Receivable (Net)</b>			
Current Unrestricted Fund	\$ 3,892,689	\$ 3,312,279	\$ 580,410
Current Restricted Fund	4,811,766	4,061,227	750,539
Loan Fund	(45,655)	(21,084)	(24,571)
Total Accounts Receivable (Net)	<u>\$ 8,658,800</u>	<u>\$ 7,352,422</u>	<u>\$ 1,306,378</u>
Accounts Receivable - All Funds at Gross	\$ 10,432,472	\$ 9,106,173	\$ 1,326,299
Less: Allowance for Uncollectible Accounts	(1,773,672)	(1,753,751)	(19,921)
Total Accounts Receivable (Net)	<u>\$ 8,658,800</u>	<u>\$ 7,352,422</u>	<u>\$ 1,306,378</u>
<b>Aging of Current Unrestricted Fund</b>			
Current (less than one year)	\$ 2,464,387	\$ 2,557,165	\$ (92,778)
One year past due	1,211,866	1,116,271	95,595
Two years past due	864,755	602,260	262,495
Three years past due	501,821	509,621	(7,800)
Older than three years past due	591,601	248,782	342,819
Total Current Unrestricted Fund-Gross	<u>\$ 5,634,430</u>	<u>\$ 5,034,099</u>	<u>\$ 600,331</u>
Balance Sheet - Current Unrestricted Fund (Net)	\$ 3,892,689	\$ 3,312,279	\$ 580,410
Allowance for Uncollectible Accounts	<u>(1,741,741)</u>	<u>(1,721,820)</u>	<u>(19,921)</u>
<b>TOTAL CURRENT UNRESTRICTED FUND-GROSS</b>	<u>\$ 5,634,430</u>	<u>\$ 5,034,099</u>	<u>\$ 600,331</u>



**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
SCHEDULE OF SOURCES AND APPLICATIONS OF  
INDIRECT COST RECOVERIES  
FOR THE YEAR ENDED JUNE 30, 2006**

**SOURCES:**

Federal funds	\$ 1,079,917
State funds	79,405
Local and Private funds	24,215
Other sources	38,576
Total Sources	<u>1,222,113</u>

**APPLICATIONS:**

Research	639,943
Institutional support	101,232
Scholarships and fellowships	455,370
Public Services	41,288
Student Services	150,000
Total Applications	<u>1,387,833</u>

Excess of Sources Over Applications	<u>(165,720)</u>
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<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>294,585</u>
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<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 128,865</u></u>
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**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2006**

**AGENCY FUNCTIONS AND PLANNING**

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

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 may have been inhibited by lack of economic, social, or educational opportunity; and 2) produce graduates who are responsible, discerning, and informed global citizens with a commitment to lifelong-learning and service.

To accomplish its mission, the University is committed to:

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

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2006**

**AGENCY FUNCTIONS AND PLANNING (continued)**

**Chicago State University Vision Statement**

Chicago State University is a comprehensive, metropolitan, communitiversity 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 a means of achieving greater visibility and a positive image as well as enhancing recruitment and fund-raising initiatives.
- The University's academic programs will emphasize majors in business, healthcare, education, scientific and technological areas while continuing to provide strong and rigorous programs in the liberal arts, humanities and the social sciences.
- All members of the University community will adhere to the CSU community Code of Excellence.
- The University will provide a strong cultural and intellectual climate and will enhance the quality of student life through an array of activities and services.

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2006**

**AGENCY FUNCTIONS AND PLANNING (continued)**

- The University will expand strategies for recruiting, retaining and advancing highly qualified faculty, students, staff, administrators and alumni in order to achieve its mission.

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

1. 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.
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, 2006  
(UNAUDITED)**

**Average Number of Employees**

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

	<u>2006</u>	<u>2005</u>
Faculty and Staff	950	1,015
Students	<u>298</u>	<u>281</u>
<b>TOTAL</b>	<u><u>1,248</u></u>	<u><u>1,296</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>2006</u>	<u>2005</u>
Head Count:		
Undergraduate	4,790	4,619
Graduate	<u>1,864</u>	<u>2,024</u>
<b>TOTAL</b>	<u><u>6,654</u></u>	<u><u>6,643</u></u>
Credit Hours:		
Undergraduate	119,884	114,945
Graduate	<u>26,849</u>	<u>26,658</u>
<b>TOTAL</b>	<u><u>146,733</u></u>	<u><u>141,603</u></u>

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2006  
(UNAUDITED)**

**Comparative Enrollment Statistics (Continued)**

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

**Chicago State University Enrollment Summary '98-05:**

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

**Chicago State University Enrollment Demographics - Fall '05:**

<u>Category</u>	<u>Number</u>	<u>Percent</u>
Full-time	3,867	54.2%
Part-time	3,264	45.8%
Male	2,053	28.8%
Female	5,078	71.2%
Freshman	1,397	19.6%
Sophomores	906	12.7%
Juniors	1,218	17.1%
Seniors	1,575	22.1%
Other Undergraduates	64	0.9%
Graduates	1,971	27.6%

**Credit Hour Production - Fall '05 and Spring '06:**

<u>College</u>	<u>2006 Credit Hour</u>
Arts & Science	44,403
Business	15,149
Education	30,666
Nursing	18,110
Special Programs	19,080
Undecided/Undeclared	<u>5,673</u>
<b>TOTAL</b>	<b><u><u>133,081</u></u></b>

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2006  
(UNAUDITED)**

**STATISTICAL SUMMARY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

<b>OPERATING REVENUES</b>	<b>FY 2006</b>	<b>FY 2005</b>
Student tuition (net of scholarship allowances of \$7,721,000 and \$7,073,108)	\$ 22,437,090	\$ 19,572,632
Auxiliary enterprises (net of scholarship allowances of \$35,336 and \$34,893)	4,100,582	4,217,015
Grants and contracts (principally Federal)	31,181,924	24,568,607
Other sources	3,149,562	2,760,943
<b>Total Operating Revenues</b>	<b>60,869,158</b>	<b>51,119,197</b>
 <b>OPERATING EXPENSES</b>		
Instruction	36,655,375	34,181,896
Research	3,863,448	2,340,702
Public service	6,192,057	6,261,285
Academic support	6,491,124	6,220,476
Student services	11,056,396	8,781,577
Institutional support	9,336,983	8,270,646
Operation and maintenance of plant	6,402,239	8,204,625
Scholarships and fellowships	5,075,461	5,086,431
Auxiliary enterprises	4,278,278	3,781,413
Depreciation	3,348,005	2,958,195
On-behalf State fringe benefits	13,402,670	14,427,031
<b>Total Operating Expenses</b>	<b>106,102,036</b>	<b>100,514,277</b>
<b>OPERATING LOSS</b>	<b>(45,232,878)</b>	<b>(49,395,080)</b>
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	38,660,300	38,845,285
State fringe benefits	13,402,670	14,427,031
Investment income	57,071	33,727
Interest on capital asset - related debt	(1,472,091)	(1,283,383)
<b>Net nonoperating revenues</b>	<b>50,647,950</b>	<b>52,022,660</b>
	<b>5,415,072</b>	<b>2,627,580</b>
 Capital appropriations and grants	 28,253,484	 14,593,710
Loss on disposal of capital assets	(37,802)	(20,257)
<b>Total other revenues</b>	<b>28,215,682</b>	<b>14,573,453</b>
 Increase in net assets	 33,630,754	 17,201,033
 <b>NET ASSETS</b>		
Net assets, beginning of the year	78,558,803	61,357,770
Net assets, end of the year	<b>\$ 112,189,557</b>	<b>\$ 78,558,803</b>
 <b>SELECTED ACCOUNT BALANCES</b>		
Cash and investments	\$ 10,305,846	\$ 3,356,958
Capital assets, net of accumulated depreciation	136,396,279	103,457,913
Revenue bond payable	21,645,000	22,400,000
Accrued compensated absences	7,294,400	7,815,732
 <b>SUPPLEMENTARY INFORMATION</b>		
<b>Employment statistics</b>		
Faculty/administrative/civil service	950	1,015
Students	298	281
<b>Total Employees</b>	<b>1,248</b>	<b>1,296</b>
 <b>Student statistics</b>		
Undergraduate	4,790	4,619
Graduate	1,864	2,024
<b>Total Students</b>	<b>6,654</b>	<b>6,643</b>
 Institutional cost per student	 \$ 5,948	 \$ 5,543

STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FOR THE YEARS ENDED JUNE 30, 2006  
(UNAUDITED)

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

	2006		2005	
	Total Costs	Total Semester Cost Per Full-Time Equivalent	Total Costs	Total Semester Cost Per Full-Time Equivalent
Direct salary	\$ 15,103,436	\$ 1,476	\$ 14,662,397	\$ 1,484
Indirect instruction	1,798,137	176	2,002,113	203
Departmental research	1,113,231	109	1,096,223	111
Departmental overheads	6,408,244	626	5,018,668	508
College or school overheads	1,859,567	182	1,492,279	151
Subtotal of Department and College Cost	<u>26,282,615</u>	<u>2,569</u>	<u>24,271,680</u>	<u>2,457</u>
Overhead support unique to college costs	4,832,642	472	4,451,864	451
All other academic support	4,692,259	459	5,274,331	534
Student services	3,597,365	352	3,333,462	337
Institutional support	14,571,256	1,424	11,128,795	1,126
Subtotal of Department and College Costs with University Overheads	<u>53,976,137</u>	<u>5,276</u>	<u>48,460,132</u>	<u>4,905</u>
Operation and maintenance of physical plant	<u>6,877,269</u>	<u>672</u>	<u>6,301,919</u>	<u>638</u>
<b>TOTAL OF ALL COSTS</b>	<u><u>\$ 60,853,406</u></u>	<u><u>\$ 5,948</u></u>	<u><u>\$ 54,762,051</u></u>	<u><u>\$ 5,543</u></u>



**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2006**

**EMERGENCY PURCHASES**

The University made the following emergency purchases during FY06:

- Contracting for Microbial Mitigation Services (\$35,575) for 103 bathrooms in the Residence Hall for mold identified by an on-site inspection.
- Purchase of mobile home for HIV/AIDS community program (\$49,630).

**ILLINOIS FIRST PROGRAMS**

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

**Received from: Illinois Department of Commerce and Economic Opportunity**

<u>Grant No.</u>	<u>Original Grant Amount</u>	<u>Amount received in FY 06</u>
00-123518	\$ 5,000,000	\$2,500,000
00-126003	\$10,000,000	-
03-121556	\$ 100,000	44,149
04-120039	\$ 9,000,000	4,500,000

**BOOKSTORE INFORMATION (Unaudited)**

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

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

During FY 05 the bookstore had gross sales of \$3,106,173. The University did not spend any money at the bookstore during FY 05. The bookstore has been given exclusive rights to sell books on campus.

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2006**

**SCHEDULE OF FEDERAL AND NONFEDERAL EXPENDITURES**

	<u>Amount</u>	<u>Percent</u>
Federal Funds	\$ 23,816,737	22%
Nonfederal Funds	<u>83,795,192</u>	<u>78%</u>
<b>TOTAL</b>	<u><u>\$ 107,611,929</u></u>	<u><u>100%</u></u>

The Federal Funds come from the Schedule of Expenditures of Federal Awards on pages 36-38, 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, 2006  
(UNAUDITED)**

**SCHEDULE OF DEGREES CONFERRED**

The University conferred degrees during the years ended June 30, 2006 and 2005 as follows:

	<u>2006</u>	<u>2005</u>
Bachelors Degrees	631	699
Masters Degrees	368	356
Total Degrees conferred	<u>999</u>	<u>1,055</u>

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2006  
(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>
<b><u>MANDATORY WAIVERS</u></b>				
<b>(SUBTOTAL)</b>	176	\$ 571.3	17	\$ 5.0
Veterans Grants & Scholarships	96	367.0	-	-
General Assembly	20	73.9	10	2.0
ROTC	32	83.0	7	3.0
Children of Employees	23	42.2	-	-
Senior Citizens	5	5.2	-	-
<b><u>DISCRETIONARY WAIVERS</u></b>				
<b>(SUBTOTAL)</b>	240	\$ 835.7	38	17.0
Civil Service	94	146.7	38	17.0
Academic/Other Talent	15	30.6	-	-
Athletic	73	381.8	-	-
Gender Equity in Intercollegiate Athletics	14	154.8	-	-
Student Need				
Special Programs	44	121.8	-	-
<b>TOTAL</b>	<b>416</b>	<b>\$ 1,407.0</b>	<b>55</b>	<b>22.0</b>

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2006  
(UNAUDITED)**

**SCHEDULE OF TUITION AND FEE WAIVERS - GRADUATE**

(in thousands of dollars)

	Tuition		Fees	
	Number of Waivers	Value of Waivers	Number of Waivers	Value of Waivers
<b><u>MANDATORY WAIVERS</u></b>				
<b>(SUBTOTAL)</b>	45	\$ 96.4	8	\$ 4.0
Veterans Grants & Scholarships	28	65.0	-	-
Teacher/Special Education	7	15.6	6	3.0
General Assembly	8	13.0	2	1.0
Senior Citizens	2	2.8	-	-
<b><u>DISCRETIONARY WAIVERS</u></b>				
<b>(SUBTOTAL)</b>	183	\$ 234.1	77	27.5
Faculty/Administrative (non-civil service)	54	71.2	30	8.5
Civil Service	49	75.4	30	16.0
Student Need Special Programs	5	10.2	-	-
Cooperating Professionals	52	33.4	17	3.0
Graduate Assistants Teaching Assistants	23	43.9	-	-
<b>TOTAL</b>	228	\$ 330.5	85	\$ 31.5

**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, 2006**

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, 2006.

**INDIRECT COST REIMBURSEMENTS**

- (b) Refer to page 48 of this report for the sources and applications of indirect cost reimbursements for the year ended June 30, 2006.
- (c) Refer to page 64 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, 2006**

**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 66-69 of this report for financial statements of each accounting entity.
- (g) Refer to page 65 for calculations of current excess funds for each entity.
- (h) Auxiliary Enterprises and Activities received no support from appropriated State funds.
- (i) A Statement of Revenue, Expenses, and Changes in Net Assets for the bond indenture required accounts is presented on page 35 of the financial audit report.

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES  
UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY GUIDELINES  
FOR THE YEAR ENDED JUNE 30, 2006**

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

**UNIVERSITY RELATED ORGANIZATIONS**

- (l) The University recognizes the Chicago State University Foundation (Foundation) as a University Related Organization. There are no organizations considered by the University to be "Independent Organizations" as defined in Section VII of "University Guidelines – 1982 (As Amended 1997)".
- (m) The University did not receive cash payments from the Foundation for services provided. However, the Foundation provided direct support to the University as illustrated on page 70 of this report.
- (n) The University provided funds (primarily in the form of services) of approximately \$524,039 to the Foundation for the year ended June 30, 2006.
- (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 45 for the Schedule of Cash, Temporary Cash Investments, and Investments as of June 30, 2006.
- (r) Income from the investment of pooled funds is regularly allocated and credited to the original sources of the funds.
- (s) Refer to pages 52, 53, and 55 for student enrollment and cost statistics.
- (t) The University acquired two parcels of real estate on the 9500 and 9600 blocks of South Cottage Grove during fiscal year 2006 at a cost of \$1,340,000. The Foundation has not purchased any real estate during the year ended June 30, 2006.
- (u) There are no certificates of participation (COPS) or participation in lease or purchase agreements involving COPS for the year ended June 30, 2006.



**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES  
FOR THE YEAR ENDED JUNE 30, 2006**

**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	\$ 128,072
Allowable Indirect Cost Carryforward	
Indirect cost reimbursements allocated for expenditure for the fiscal year completed (\$448,500 @ 30%)	134,550
Unallocated Reimbursements	-
Encumbrances and Current Liabilities	<u>(793)</u>
Total Allowable Indirect Cost Carryforward (Sum of Lines 2, 3 and 4)	<u>133,757</u>
<b>AMOUNT TO BE REMITTED TO THE INCOME FUND</b>	<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, 2006**

	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	\$2,009,977	\$ 825,965	\$ (50,291)	\$2,785,651	\$ 884,481	\$ 1,467,319	\$ (2,772,027)	\$ 781,015	\$ 360,788
Total current available funds	A. 2,009,977	825,965	(50,291)	2,785,651	884,481	1,467,319	(2,772,027)	781,015	360,788
2. Working capital allowance									
Add:									
Highest month's expenditures	2,441,672	340,645	915,845	3,698,162	120,394	1,814,332	1,158,121	149,325	3,242,172
Encumbrances and current liabilities paid in lapse period	9,742	21,415	54,998	86,155	29,051	211,385	112,363	18,327	371,126
Deferred Income / Refundable deposits	153,121	2,655	52,373	208,149	15,449	-	39,385	-	54,834
Allowance for restoring inventory to normal level	-	-	-	-	-	66,493	-	-	66,493
Allowance for sick leave / vacation payouts	112,460	101,921	33,826	248,207	10,905	45,275	79,419	15,619	151,218
Working capital allowance	B. 2,716,995	466,636	1,057,042	4,240,673	175,799	2,137,485	1,389,288	183,271	3,885,843
3. Current excess funds:									
Deduct B from A and enter here	C. \$ (707,018)	\$ 359,329	\$ (1,107,333)	(1,455,022)	\$ 708,682	\$ (670,166)	\$ (4,161,315)	\$ 597,744	(3,525,055)
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									
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, 2006

BALANCE SHEETS - ENTITIES

(With Comparative Totals as of June 30, 2005)

	Auxiliary Enterprises				Activities				Total All Entities (Memorandum Only)	
	University Facilities	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Contract Courses	2006	2005	
	Bond Fund									
<b>CURRENT UNRESTRICTED FUND ASSETS:</b>										
Cash and cash equivalents	\$ 2,009,977	\$ 825,965	\$ -	\$ 884,481	\$ 1,467,319	\$ -	\$ 781,015	\$ 5,968,757	\$ 5,295,796	
Accounts receivable, net	320,908	10,745	262,992	19,802	13,978	342,911	99,432	1,070,568	412,365	
Prepaid expenses	1,685	-	-	-	-	237	-	1,922	-	
Other assets	93,825	-	-	-	-	-	-	93,825	93,825	
Inventories	-	-	-	-	59,592	-	-	59,592	66,493	
<b>TOTAL ASSETS</b>	<b>\$ 2,426,395</b>	<b>\$ 836,710</b>	<b>\$ 262,992</b>	<b>\$ 904,083</b>	<b>\$ 1,540,889</b>	<b>\$ 343,148</b>	<b>\$ 880,447</b>	<b>\$ 7,194,664</b>	<b>\$ 5,868,479</b>	
<b>CURRENT UNRESTRICTED FUND LIABILITIES AND FUND BALANCE:</b>										
Bank overdraft	\$ -	\$ -	\$ 50,291	\$ -	\$ -	\$ 2,722,027	\$ -	\$ 2,772,318	\$ 2,779,218	
Accounts payable	(61,891)	20,478	54,334	6,780	174,504	63,422	12,741	270,368	456,947	
Deposits	72,904	-	-	-	10,066	-	-	82,970	31,809	
Deferred revenue	80,208	2,655	52,373	15,449	-	39,385	-	190,070	150,378	
Accrued compensated absences	112,451	101,921	33,826	10,905	45,275	79,419	15,618	399,415	394,716	
Fund balances (deficit), unrestricted	2,222,723	711,856	72,168	870,949	1,311,044	(2,561,105)	852,088	3,479,523	2,055,411	
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,426,395</b>	<b>\$ 836,710</b>	<b>\$ 262,992</b>	<b>\$ 904,083</b>	<b>\$ 1,540,889</b>	<b>\$ 343,148</b>	<b>\$ 880,447</b>	<b>\$ 7,194,664</b>	<b>\$ 5,868,479</b>	
<b>PLANT FUNDS ASSETS:</b>										
Cash and cash equivalents	\$ 192,816	\$ 119,233	\$ -	\$ -	\$ 2,701,568	\$ 54,849	\$ -	\$ 3,068,466	\$ 373,103	
Investments	1,230,347	-	-	-	-	-	-	1,230,347	1,709,298	
Investment in plant:										
Buildings & Improvements	24,750,153	884,065	-	1,908	6,287,288	19,538	274	31,943,226	32,093,024	
Furniture and equipment	2,314,780	708,240	-	249,171	304,839	188,977	(189,899)	3,576,108	3,465,157	
<b>TOTAL ASSETS</b>	<b>\$ 28,488,096</b>	<b>\$ 1,711,538</b>	<b>\$ -</b>	<b>\$ 251,079</b>	<b>\$ 9,293,695</b>	<b>\$ 263,364</b>	<b>\$ (189,625)</b>	<b>\$ 39,818,147</b>	<b>\$ 37,640,582</b>	
<b>PLANT FUNDS LIABILITIES AND FUND BALANCE:</b>										
Accounts payable	\$ 135,610	\$ -	\$ -	\$ -	\$ 1,025,636	\$ -	\$ -	\$ 1,161,246	\$ 723,609	
Bond payable	21,645,000	-	-	-	-	-	-	21,645,000	22,400,000	
Performance contract notes payable	-	-	-	-	4,695,869	-	-	4,695,869	4,695,869	
Premium on bonds	392,988	-	-	-	-	-	-	392,988	415,444	
Fund balances(deficit):	6,314,498	1,711,538	-	251,079	3,572,190	263,364	(189,625)	11,923,044	9,405,660	
<b>Net investment in plant</b>	<b>\$ 28,488,096</b>	<b>\$ 1,711,538</b>	<b>\$ -</b>	<b>\$ 251,079</b>	<b>\$ 9,293,695</b>	<b>\$ 263,364</b>	<b>\$ (189,625)</b>	<b>\$ 39,818,147</b>	<b>\$ 37,640,582</b>	

STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES  
FOR THE YEAR ENDED JUNE 30, 2006

STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS  
CURRENT UNRESTRICTED FUNDS

(with comparative totals for the Year Ended June 30, 2005)

	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	2006	2005
<b>REVENUES:</b>									
Operating	\$ 3,382,843	\$ 1,024,970	\$ 63,513	\$ 348,081	\$ 3,210,842	\$ 469,490	\$ 806,203	\$ 9,305,942	\$ 8,490,165
Student fees	2,016,853	-	1,752,283	161,362	-	1,555,212	-	5,485,710	5,226,941
State fringe benefits	-	-	-	-	-	-	-	-	1,363,708
Other	99,763	-	270	31,952	55,828	18,157	-	205,970	135,635
<b>TOTAL REVENUES</b>	<b>5,499,459</b>	<b>1,024,970</b>	<b>1,816,066</b>	<b>541,395</b>	<b>3,266,670</b>	<b>2,042,859</b>	<b>806,203</b>	<b>14,997,622</b>	<b>15,216,449</b>
<b>EXPENDITURES:</b>									
Cost of sales	-	-	-	-	609,012	-	-	609,012	589,806
Personal services	849,740	509,337	289,188	251,634	769,379	662,946	376,791	3,709,015	5,699,987
Expended for plant	10,241	9,461	61,144	2,830	104,598	7,305	735	196,314	244,349
Commodities	20,109	33,865	41,222	19,189	107,889	119,968	8,447	350,689	391,555
Contractual services	1,113,280	75,086	1,430,298	68,185	377,815	823,651	66,320	3,954,635	3,905,876
Other (travel, telecommunications, excess funds refunds, fund transfers)	3,230	58,821	1,688	2,217	24,242	270,488	1,363	362,049	254,650
<b>TOTAL EXPENDITURES</b>	<b>1,996,600</b>	<b>686,570</b>	<b>1,823,540</b>	<b>344,055</b>	<b>1,992,935</b>	<b>1,894,358</b>	<b>453,656</b>	<b>9,181,714</b>	<b>11,086,223</b>
<b>TRANSFERS OUT:</b>									
Principal and interest	3,276,285	290,000	-	13,040	775,739	-	36,732	4,391,796	2,640,398
<b>Total Transfers Out</b>	<b>3,276,285</b>	<b>290,000</b>	<b>-</b>	<b>13,040</b>	<b>775,739</b>	<b>-</b>	<b>36,732</b>	<b>4,391,796</b>	<b>2,640,398</b>
<b>TOTAL EXPENDITURES AND TRANSFERS OUT</b>	<b>5,272,885</b>	<b>976,570</b>	<b>1,823,540</b>	<b>357,095</b>	<b>2,768,674</b>	<b>1,894,358</b>	<b>490,388</b>	<b>13,573,510</b>	<b>13,726,621</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND TRANSFERS OUT</b>	<b>\$ 226,574</b>	<b>\$ 48,400</b>	<b>\$ (7,474)</b>	<b>\$ 184,300</b>	<b>\$ 497,996</b>	<b>\$ 158,501</b>	<b>\$ 315,815</b>	<b>\$ 1,424,112</b>	<b>\$ 1,489,828</b>

STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES  
FOR THE YEAR ENDED JUNE 30, 2006

STATEMENT OF CHANGES IN FUND BALANCES  
CURRENT UNRESTRICTED FUNDS

(With Comparative Totals for the Year Ended June 30, 2005)

	Auxiliary Enterprises				Activities				Total All Entities (Memorandum Only)	
	University Facilities	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Contract Courses	2006	2005	
<b>REVENUES</b>	\$ 5,499,459	\$ 1,024,970	\$ 1,816,066	\$ 541,395	\$ 3,266,670	\$ 2,042,859	\$ 806,203	\$ 14,997,622	\$ 15,216,449	
<b>EXPENDITURES:</b>										
Educational and general	-	-	1,823,540	344,055	1,992,935	1,884,358	453,656	6,498,544	6,504,513	
Auxiliary enterprise	1,996,600	686,570	-	-	-	-	-	2,683,170	4,581,710	
<b>Total Expenditures</b>	1,996,600	686,570	1,823,540	344,055	1,992,935	1,884,358	453,656	9,181,714	11,086,223	
<b>TRANSFERS:</b>										
Principal and interest	(3,276,285)	(290,000)	-	(13,040)	(775,739)	-	(36,732)	(4,391,796)	(2,640,398)	
<b>Total Transfers Out</b>	(3,276,285)	(290,000)	-	(13,040)	(775,739)	-	(36,732)	(4,391,796)	(2,640,398)	
Net Increase (Decrease) in Fund Balance	226,574	48,400	(7,474)	184,300	497,996	158,501	315,815	1,424,112	1,489,828	
Fund Balance (Deficit), Beginning of Year	1,996,149	663,256	79,642	686,649	813,048	(2,719,606)	536,273	2,055,411	565,583	
<b>FUND BALANCE (DEFICIT) END OF YEAR</b>	\$ 2,222,723	\$ 711,656	\$ 72,168	\$ 870,949	\$ 1,311,044	\$ (2,561,105)	\$ 852,088	\$ 3,479,523	\$ 2,055,411	

STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
SPECIAL DATA REQUIREMENTS FOR THE AUDITS OF UNIVERSITIES  
FOR THE YEAR ENDED JUNE 30, 2006

STATEMENT OF CHANGES IN FUND BALANCES  
PLANT FUNDS

(With Comparative totals for the Year Ended June 30, 2005)

	Auxiliary Enterprises				Activities			Total All Entities (Memorandum Only)	
	University Facilities Revenue Bond Fund	Parking Facilities	Public Services	Activities Services	Student Activities	Continuing Education	2006	2005	
<b>REVENUES AND OTHER ADDITIONS:</b>									
Interest Income	\$ 57,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,071	\$ 33,727	
Expended for plant	34,245	9,461	-	-	-	-	43,706	280,457	
Retirement of debt	755,000	-	-	-	-	-	755,000	725,000	
Total Revenues and Other Additions	846,316	9,461	-	-	-	-	855,777	1,039,184	
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>									
Principal and interest on Debt	1,824,384	-	-	402,707	-	-	2,227,091	2,008,383	
Property disposals	8,740	-	-	-	1,663	3,658	14,061	93,172	
Contractual and other deductions	489,037	-	-	-	-	-	489,037	164,574	
Total Expenditures and Other Deductions	2,322,161	-	-	402,707	1,663	3,658	2,730,189	2,266,129	
<b>TRANSFERS IN:</b>									
Principal and interest	1,824,384	-	-	1,067,412	-	-	2,891,796	2,640,398	
Bond Reserves	1,500,000	-	-	-	-	-	1,500,000	-	
Total Transfers In (Out)	3,324,384	-	-	1,067,412	-	-	4,391,796	2,640,398	
Net Increase (Decrease) in Fund Balance	1,848,539	9,461	-	664,705	(1,663)	(3,658)	2,517,384	1,413,453	
Fund Balance (Deficit), Beginning of Year	4,465,959	1,702,077	251,079	2,907,485	265,027	(185,967)	9,405,660	7,992,207	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<b>\$ 6,314,498</b>	<b>\$ 1,711,538</b>	<b>\$ 251,079</b>	<b>\$ 3,572,190</b>	<b>\$ 263,364</b>	<b>\$ (189,625)</b>	<b>\$ 11,923,044</b>	<b>\$ 9,405,660</b>	

**STATE OF ILLINOIS  
CHICAGO STATE UNIVERSITY  
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES  
FOR THE YEAR ENDED JUNE 30, 2006**

**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 \$524,039 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	\$ 211,271
Restricted Only as to College or Department	<u>383,524</u>
<b>Total Funds Considered Unrestricted</b>	<b><u>\$ 594,795</u></b>

Expenditures Considered Restricted for  
Purposes of the Guideline Computations:

Given for Scholarships	\$ 264,017
<b>Total Funds Considered Restricted</b>	<b><u>\$ 264,017</u></b>

<b>TOTAL FUNDS PROVIDED BY THE FOUNDATION TO SUPPORT THE UNIVERSITY</b>	<b><u>\$ 858,812</u></b>
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