

**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, 2009

**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, 2009

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Financial Statement Report

The University's financial statement report for the year ended June 30, 2009, which includes the report of independent auditors, management's discussion and analysis, required supplementary information other than management's discussion and analysis, basic financial statements and notes, supplementary information, and the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards* has been issued separately.

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

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

For the Year Ended June 30, 2009

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**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY**

AGENCY OFFICIALS

CHICAGO STATE UNIVERSITY

President	Dr. Wayne Watson (10/1/09 to current)
Acting President	Dr. Sandra Westbrooks (07/1/09 to 9/30/09)
Interim President	Dr. Frank G. Pogue (07/15/08 to 6/30/09)
Acting President	Dr. Sandra Westbrooks (07/01/08 to 07/14/08)
Vice President Administration and Financial Affairs	Mr. Glenn Meeks (11/16/09 to current)
Interim Vice President Administration and Financial Affairs	Ms. Louise Williams (07/16/09 to 11/15/09)
Interim Vice President Administration and Financial Affairs	Dr. Dean Justmann (08/01/08 to 7/15/09)
Acting Vice President Administration and Financial Affairs	Mr. Richard Parker (7/1/08 to 7/31/08)
Director of Accounting	Mr. John Frizzell
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 PRESIDENT

9501 S. King Drive / A10M 313
Chicago, Illinois 60628-1598
TEL 773.995.2400 • FAX 773.995.3849

February 16, 2010

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

Ladies and Gentlemen:

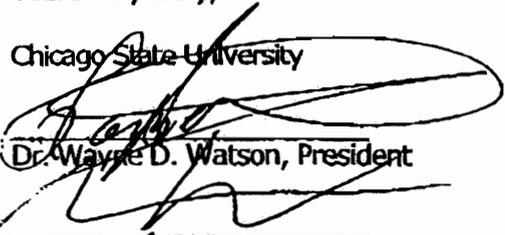
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of Chicago State University. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Chicago State University's compliance with the following assertions during the one-year period ended June 30, 2009. Based on this evaluation, we assert that during the year ended June 30, 2009, Chicago State University has materially complied with the assertions below.

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

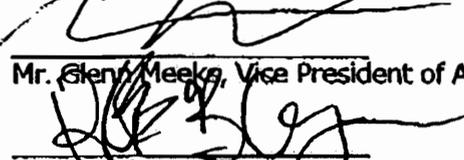
Scholarship & Responsibility

Yours very truly,

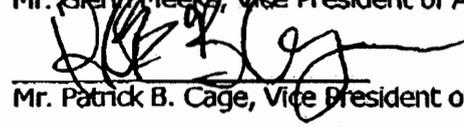
Chicago State University



Dr. Wayne D. Watson, President



Mr. Glenn Meeks, Vice President of Administration and Finance



Mr. Patrick B. Cage, Vice President of General Counsel, Labor & Legal Affairs

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
JUNE 30, 2009
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>Report</u>	<u>Prior Reports</u>
Findings	13	20
Repeated findings	7	12
Prior recommendations implemented or not repeated	13	5

Details of findings are presented in the separate tabbed sections of this report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS AND QUESTIONED COSTS (GOVERNMENT AUDITING STANDARDS)			
09-1	18	Failure to Monitor Compliance with Unclaimed Property Act	Noncompliance Significant Deficiency
09-2	19	Voucher Processing Errors	Noncompliance Significant Deficiency
09-3	22	Purchasing Card Processing Errors	Noncompliance Significant Deficiency
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
09-4	24	Inadequate Documentation for Federal Program Expenditures	Noncompliance Significant Deficiency
09-5	26	Student Financial Aid Not Reconciled on a Monthly Basis	Material Noncompliance Material Weakness

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
JUNE 30, 2009
COMPLIANCE REPORT
SUMMARY (Continued)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<u>FINDINGS (STATE COMPLIANCE)</u>			
09-6	28	Inadequate Controls Over Contracting Procedures	Material Noncompliance Material Weakness
09-7	33	Inaccurate Locally Held Funds Reporting	Noncompliance Significant Deficiency
09-8	35	Lack of Controls Over Students Registration	Noncompliance Significant Deficiency
09-9	36	Inadequate Support for Quarterly Summary of Accounts Receivable	Noncompliance Significant Deficiency
09-10	37	Noncompliance with Illinois Human Rights Act	Noncompliance Significant Deficiency
09-11	38	Time Sheets Not Maintained in Compliance with the State Officials and Employee Ethics Act	Noncompliance Significant Deficiency
09-12	39	Noncompliance with Campus Security Enhancement Act	Noncompliance Significant Deficiency
09-13	40	Subsidies Between Accounting Entities	Noncompliance Significant Deficiency

In addition, the following findings which are reported as current findings and questioned costs relating to *Government Auditing Standards* also meet the reporting requirements for State compliance.

09-1	18	Failure to Monitor Compliance with Unclaimed Property Act	Noncompliance Significant Deficiency
09-2	19	Voucher Processing Errors	Noncompliance Significant Deficiency
09-3	22	Purchasing Card Processing Errors	Noncompliance Significant Deficiency

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
JUNE 30, 2009
COMPLIANCE REPORT
SUMMARY (Continued)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

In addition, the following findings which are reported as current findings and questioned costs relating to Federal Compliance also meet the reporting requirements for State compliance.

09-4	24	Inadequate Documentation for Federal Program Expenditures	Noncompliance Significant Deficiency
09-5	26	Student Financial Aid Not Reconciled on a Monthly Basis	Material Noncompliance Material Weakness

PRIOR FINDINGS NOT REPEATED

A	41	Financial Statement Adjustments
B	41	Generally Accepted Accounting Principles (GAAP) Not Properly Applied to Voluntary Nonexchange Transactions
C	41	Uncollateralized Deposit Accounts and Untimely Bank Reconciliations
D	42	Inaccurate Statement of Cash Flow
E	42	Management's Discussion and Analysis
F	42	Inaccurate Supplementary Information for State Compliance Purposes
G	43	Failure to Comply With Cash Management Requirements
H	43	Incorrect Signed Promissory Notes for Federal Perkins Loans
I	43	Failure to File Contracts With the State Comptroller and Noncompliance With Illinois Procurement Code
J	44	Employee Travel and Use of University Credit Card
K	44	Untimely Reconciliation of Agency's Records to the Comptroller's Monthly Reports
L	44	Inaccurate Agency Report of State Property
M	44	Noncompliance with Chicago State University Law

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
JUNE 30, 2009
COMPLIANCE REPORT
SUMMARY (Continued)**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on February 5, 2010. Attending were:

Representing Chicago State University

President

Vice President of Administration and Financial Affairs

Associate Vice President of Administration/Finance

Associate Vice President Sponsored Programs

Director of Internal Audit

Director of Accounting

Chief Information Officer

Director of Information Technology

General Counsel

Police Chief

Grant Accountant

Dr. Wayne Watson

Mr. Glenn Meeks

Mr. Ted Lannon

Mr. Kenneth Koroma

Mr. John Meehan

Mr. John Frizzell

Ms. C. Cole Dillon

Ms. Renee Mitchell

Mr. Patrick B. Cage

Mr. Ronnie Watson

Mr. Norm Erazo

Representing De Raimo Hillger & Associates

Partner

Ms. Tiffany Motto, CPA

Representing the Office of the Auditor General

Audit Manager

Mr. Thomas L. Kizziah, CPA

The responses to the recommendations were provided by Mr. Glenn Meeks in a correspondence dated February 16, 2010.

DE RAIMO HILLGER & ASSOCIATES

Certified Public Accountants & Business Consultants

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

JOHN J. DE RAIMO
FERNE M. HILLGER
TIFFANY MOTTO

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, 2009. 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. State revenues and receipts collected by Chicago State University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by Chicago State University on behalf of the State or held in trust by Chicago State University have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about Chicago State University's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Chicago State University's compliance with specified requirements.

As described in finding 09-6 in the accompanying schedule of findings and questioned costs, Chicago State University did not comply with requirements regarding contracting procedures. Compliance with such requirements is necessary, in our opinion, for Chicago State University to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, Chicago State University complied, in all material respects, with the requirements listed in the first paragraph of this report during the year ended June 30, 2009. However, the results of our procedures disclosed other 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 09-1 through 09-5 and 09-7 through 09-13.

Internal Control

The management of Chicago State University is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered Chicago State University's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of Chicago State University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chicago State University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as findings 09-5 and 09-6 to be material weaknesses.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in findings 09-1 through 09-4 and 09-7 through 09-13 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

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

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

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of Chicago State University and its discretely presented component unit as of and for the year ended June 30, 2009, which collectively comprise the Chicago State University's basic financial statements, and have issued our report thereon dated February 16, 2010. 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 2009 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, 2009, taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States, Chicago State University's basic financial statements for the year ended June 30, 2008. In our report dated April 20, 2009, we expressed an unqualified opinion on the respective financial statements of the business-type activities. In our opinion, the 2008 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2008, taken as a whole.

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

De Raimo Hillger & Associates

February 16, 2010

DE RAIMO HILLGER & ASSOCIATES

Certified Public Accountants & Business Consultants

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JOHN J. DE RAIMO
FERNE M. HILLGER
TIFFANY MOTTO

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 financial statements of the business-type activities of Chicago State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2009, which collectively comprise the Chicago State University's basic financial statements and have issued our report thereon dated February 16, 2010. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chicago State University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of Chicago State University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Chicago State University's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in findings 09-1, 09-2 and 09-3 in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 or other matters that are required to be reported under *Government Auditing Standards*.

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

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

De Raimo Hillger & Associates

February 16, 2010

DE RAIMO HILLGER & ASSOCIATES

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JOHN J. DE RAIMO
FERNE M. HILLGER
TIFFANY MOTTO

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, 2009. Chicago State University's major federal programs are identified in the summary of auditor's 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 the Chicago State University's compliance with those requirements.

As described in item 09-5 in the accompanying schedule of findings and questioned costs, Chicago State University did not comply with requirements of monthly reconciliations of its federal program records. Compliance with such requirements is necessary, in our opinion, for Chicago State University to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the previous two paragraphs, Chicago State University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. The results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-4.

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 the Chicago State University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of Chicago State University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Chicago State University's internal control over compliance.

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-4 and 09-5 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-5 to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities of Chicago State University as of and for the year ended June 30, 2009, and have issued our report thereon dated February 16, 2010. 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.

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

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

De Raimo Hillger & Associates

February 16, 2010

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

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
- Significant deficiency(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
- Significant deficiency(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
Federal Academic Competitiveness Grant	84.375
National Science and Mathematics Access to Retain Talent (SMART) Grant	84.376
Teacher Education Assistance for College and Higher Education Grants	84.379
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925
TRIO Cluster	
Student Support Services	84.042
Talent Search	84.044
Upward Bound	84.047
Educational Opportunity Centers	84.066
Research & Development Cluster	
Biomedical Research and Research Training	93.859
Mental Health Research Grants	93.242
Child Health and Human Development Extramural Research	93.865
Education and Human Resources	47.076
Biological Sciences	47.074
Mathematical & Physical Sciences	47.049
Basic Scientific Research	12.431

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

I. SUMMARY OF AUDITORS' RESULTS (continued)

Identification of major programs (continued):

	<u>CFDA No.</u>
Development of Fuel Cells for Mobile Robotic Systems	12.XXX
Development of Solar Cell I Systems	12.XXX
Cpath Grant	47.070
Head Start	93.600
Textbook & Learning Materials Program	98.001

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

\$ 757,700

Auditee qualified as low-risk auditee?

 yes X no

II. FINANCIAL STATEMENTS FINDINGS

See Findings 09-1 through 09-3

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Findings 09-4 and 09-5

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS/STATE COMPLIANCE

09-1 FINDING: FAILURE TO MONITOR COMPLIANCE WITH UNCLAIMED PROPERTY ACT

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

During our audit we noted that the University had three accounts included in the accounts payable balance that solely contained stale checks. During the current year, the University had been reviewing these accounts, however the balance in all three accounts increased. Some of these checks were issued over eleven years ago.

Good business practice would require procedures are in place to monitor the outstanding items during reconciliations of cash on a timely basis and determine the proper disposition of stale checks promptly.

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

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system or systems of internal fiscal and administrative controls which shall provide assurance that funds are safeguarded against waste, loss, unauthorized use, and misappropriations.

University management stated that the unclaimed property involved thousands of check disbursement records. According to University officials, accounting management has reviewed and documented a process to alleviate these old disbursements from being on their books. Even though the liability ledger accounts do not reflect a significant reduction, the volume of unclaimed checks has declined.

Failure to review unclaimed monies could result in noncompliance with the Act. (Finding Code Nos. 09-1, 08-4 and 07-12)

RECOMMENDATION

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

UNIVERSITY RESPONSE

The University agrees with the recommendation. Analysis of the disbursement database has been ongoing and additional resources will be dedicated to this process. Management fully intends to comply with the Act requirements.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS/STATE COMPLIANCE

09-2 FINDING: VOUCHER PROCESSING ERRORS

Chicago State University (University) did not process certain expenditures accurately and did not pay certain expenditures in a timely manner.

During our testing of 211 expenditures totaling \$5,370,023 for Contractual Services, Commodities, Printing, Equipment, Telecommunications, Electronic Data Processing, and Operation of Automotive Equipment, we noted the following:

- Twenty-six invoices (\$444,069) were not approved for payment in a timely manner. These invoices were approved between 33 and 567 days after receipt of a proper bill.
- Thirty-eight invoices (\$2,015,045) were not paid in a timely manner. The invoices were paid between 61 and 566 days after receipt of proper bill.
- Eight invoices (\$42,777) contained expenditures that were recorded to the incorrect fiscal year.
- Three invoices (\$14,459) were incorrectly paid with a Direct Payment Voucher. The Direct Payment Voucher indicates at the top "This is a limited use form. It may not be used for purchases exceeding \$2,000 or to purchase equipment exceeding \$100."
- Eight payment packages (\$129,049) contained purchase requisitions that were approved after the purchase was made. The purchase requisitions were approved between 1 day and 75 days after the invoice date.
- One payment package (\$676,800) for a contractual service expenditure was not supported by a contractual agreement. No contractual agreement was provided for these services.
- One payment package (\$13,680) did not contain a purchase requisition form.
- Five payment packages (\$16,221) were coded with the incorrect SAMS object code.
- Eight invoices (\$6,749) were paid on a Direct Payment Voucher with inadequate approvals. The Direct Payment Voucher states a Vice President or President must sign "when payment is requested by Fiscal Officer." These invoices were requested and approved by a fiscal officer with no additional approval signature.
- One invoice (\$24,063) was approved by a member of the Board of Trustees of the University who is not authorized to approve purchases.
- Six invoices (\$16,866) for gasoline purchases contained charges for premium or midgrade gasoline.
- Three invoices (\$6,382) had no department or agency head approval signature. Two invoices (\$27,848) had an approval signature, however the signature was not dated.
- Two invoices (\$36,623) had approval signatures dated after the check date.
- Two invoices (\$3,698) had approval signatures dated prior to the invoice date.
- One payment package (\$5,198) contained a purchase order that was changed by hand over the allowed amount.
- Two invoices (\$6,719) were for electronic data processing equipment that contain incorrect permanent tag numbers.
- One payment package (\$2,057) contained a voucher number that did not correspond to the University's accounting system.
- One payment package (\$13,663) was paid using grant funds after the grant had expired, which was clearly indicated on the package.
- Four equipment purchases (\$13,120) were not reported to DCMS as required.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS/STATE COMPLIANCE

09-2 FINDING: VOUCHER PROCESSING ERRORS (Continued)

- Two payment packages (\$9,768) contained purchase requisitions that contained a dollar amount maximum per item, and some items purchased were greater than this limit.

Prudent business practices require all vouchers be paid accurately and in a timely manner. Purchase requisitions should be completed prior to making the purchase, and purchases should be within the guidelines of the purchase order. Invoices should be approved prior to payment by an authorized individual. Expenditure records should agree with supporting documentation.

The University's Accounting and Finance Policies and Procedures Manual (Procedure No. 6.2) states that Direct Payment Voucher should be used only for expenditures of \$2,000 or less.

The Department of Central Management Services rules (44 Ill. Adm. Code 5040.550) state "Purchases of fuel, oil, and related items for the operation of State-owned equipment must be made from the most economical source. Unleaded gasoline (with ethanol blended in, often called Gasohol) shall, however, be used where available."

The Illinois Public Higher Education Procurement Bulletin (44 Ill. Admin. Code 526.2020) states that the small purchase requirements are "Individual procurements of \$50,000 or less for supplies or services, other than professional and artistic, and \$70,000 or less for construction, may be made using the method of source selection determined by the State Purchasing Officer to be most appropriate to the circumstances." 44 Ill. Admin. Code 526.2010 states "competitive sealed bidding is the required method of source selection, except as allowed by the code and this part. The provisions of this section apply to every procurement required to be conducted by competitive sealed bidding."

According to the Chicago State University "Purchase Order Payables Procedures", "For purchase orders that are not confirmations, the total invoice amount 10% or up to \$50 over the purchase order amount may be processed. Anything above that amount should be discussed with the buyer for written approval."

Department of Central Management Services Property Management rules (44 Ill. Admin Code 5010) requires each piece to be marked with a unique six-digit identification number. The State Property Control Act (30 ILCS 605/4) requires responsible officers at each agency to be accountable for the supervision, control, and inventory of all property under its jurisdiction to ensure the proper accounting and safeguarding of State assets.

University officials stated that many untimely payments were caused by cash flow problems during the fiscal year. Also, the operating budget approval process for many departments and units was labor intensive and cumbersome. Consequently, this caused delays in voucher approval. The other exceptions were caused by insufficient manual review.

Untimely payments can result in vendors being unwilling to do business with the State, and inaccurate payments may result in a loss of State funds. (Finding Code Nos. 09-2).

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS/STATE COMPLIANCE

09-2 FINDING: VOUCHER PROCESSING ERRORS (Continued)

RECOMMENDATION

We recommend that the University implement additional controls to ensure that expenditures are paid timely and are accurate.

UNIVERSITY RESPONSE

The University agrees with the recommendation. A dual review by Financial Affairs of all fiscal year expenditures will be performed. Also in February 2010 the University instituted an automated voucher processing system that upon full utilization will enhance the voucher control process. Please note that University ability to execute “prompt payment” is conditional upon the State of Illinois Comptroller funding the University.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS/STATE COMPLIANCE

09-3 FINDING: PURCHASING CARD PROCESSING ERRORS

Chicago State University (University) did not process certain expenditures in compliance with Purchasing Card Policy and Procedures.

During our testing of 84 purchasing card transactions totaling \$66,809 for expenditures for services, travel, commodities, equipment and telecommunications, we noted the following:

- Fourteen transactions totaling \$40,031 exceeded the single transaction limit of \$1,000.
- One transaction for \$632 was for the purchase of a biological agent.
- Four transactions totaling \$11,873 were for purchases of services involving labor.
- Five transactions totaling \$1,275 were for the purchase of computer peripherals.
- One transaction for \$55 included sales tax.
- There was no approval documented for ten transactions totaling \$2,930.
- Four transactions totaling \$2,216 were for equipment purchases in which the individual items exceeded \$100 in cost.
- There was no documentation provided to support five transactions totaling \$859.
- One transaction for \$251 was to purchase airline tickets, however there was no documentation as to the purpose of the travel.
- For two transactions totaling \$572, supporting documentation was provided, however the documentation did not correspond to the charge made on the card.
- For one transaction totaling \$45, a lost receipt affidavit was submitted so auditors could not determine if purchases were in accordance with the policy.
- For two transactions totaling \$1,261, documentation was provided, however, not in enough detail to determine what was purchased.
- For two transactions totaling \$1,139, the supporting documentation was not retained in the employees files and was requested from the vendor to provide to auditors. For these transactions, auditors could not determine if proper approval was documented or if receipts were reconciled to the statement.
- All 84 transactions were not coded to the general ledger in a timely manner. The transactions were coded to the accounting system between 19 and 71 days after the transaction was posted to the payment system.
- 16 of 114 monthly credit card statements reviewed exceeded the monthly spending limit of \$15,000.
- None of the fifteen employees that had purchasing cards had signed a purchasing card agreement as is required by policy.
- It was noted that two individuals each had two cards assigned to them.

Prudent business practices would require that all expenditures are properly approved, supported by documentation and posted to the accounting system in a timely manner.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS/STATE COMPLIANCE

09-3 FINDING: PURCHASING CARD PROCESSING ERRORS (Continued)

The University Purchasing Card Policy and Procedures Manual Section 4.1 states that The Cardholder's single transaction limit is \$1,000 and the monthly spending limit is \$15,000. Section 4.4 states that the cardholder reviews transactions daily/weekly on PaymentNet and reallocates each charge to the appropriate University account number. Section 5.1a states that purchases should be made after following proper internal procedures specific to the department to obtain authorization to make the purchase. Section 7.1 of the manual lists prohibited items, it states that P-cards may not be used for the purchase of the following items: equipment and furniture with a unit cost of \$100 or above, services involving labor, biological agents, and computer peripherals (among others listed). Section 5.1g states that no sales tax is to be charged.

The University Purchasing Card Policy and Procedures Manual Section 1.3 states that prior to the issuance of a purchasing card, the Purchasing Card Agreement must be completed.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system or systems of internal fiscal and administrative controls which shall provide assurance that funds are safeguarded against waste, loss, unauthorized use, and misappropriations.

University officials stated that the P Card holder failed to comply with the policy requirements and submission requirements. Management reduced the number of P Card holders effective March 1, 2009 to three users to improve compliance.

Inadequate procedures over purchasing card expenditures could result in a loss of State funds. (Finding Code No. 09-3 and 08-8)

RECOMMENDATION

We recommend that the University adhere to its policies and procedures for purchasing card expenditures.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University will revise the Purchasing Card agreement. All fiscal 2010 purchases will be reviewed and explanation for policy exceptions that occurred prior to the revised agreement will be documented prior to the next audit.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – FEDERAL

09-4 FINDING: INADEQUATE DOCUMENTATION FOR FEDERAL PROGRAM EXPENDITURES

Chicago State University (University) did not have supporting documentation for certain expenditures charged to Federal programs and charged expenditures to the incorrect fiscal year.

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

CFDA Numbers: 93.859, 93.242, 93,865, 47.076, 47.074, 47.049, 12.431, 12.XXX

Program Name: Research and Development Cluster

Questioned Cost: \$32,443

During our review of 48 expenditures, we noted the following:

- One of forty-eight (2%) expenditures (\$32,443) was charged to the wrong fiscal year.

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

CFDA Number: 98.001

Program Name: Textbook and Learning Materials

Questioned Cost: \$33,171

During our review of 46 expenditures, we noted the following:

- Two of forty-six (4%) expenditures (\$26,850) were charged to the wrong fiscal year
- One of forty-six (2%) expenditures (\$5,921) had no fiscal officer approval.
- One of forty-six (2%) expenditures (\$2,909) was supported by an invoice that was mathematically incorrect. The total invoice was overstated by \$400.

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

University officials stated that a dual review for the \$25,256,676 of federal expenditures was performed first by the Sponsored Program accountants and then by Accounting Office staff. Exceptions cited were the result of insufficient follow-up or were the result of an oversight and disposition of required fiscal oversight.

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. Failure to charge the expenditure to the correct fiscal year results in incorrect reporting and may result in over expenditure of Federal awards. (Finding Code No. 09-4, 08-9, 07-5, 06-3, 05-1, 04-01, 03-1)

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS - FEDERAL

**09-4 FINDING: INADEQUATE DOCUMENTATION FOR FEDERAL PROGRAM EXPENDITURES
(Continued)**

RECOMMENDATION

We recommend that the University improve control procedures to ensure that payments are only made once a proper invoice with appropriate documentation is received and approved. We also recommend that the University report their expenditures in the correct fiscal year.

UNIVERSITY RESPONSE

The University agrees with the recommendation. All federal program expenditures will have a dual review for proper supporting documentation and other cited deficiencies performed by Financial Affairs.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – FEDERAL

09-5 FINDING: STUDENT FINANCIAL AID NOT RECONCILED ON A MONTHLY BASIS

Chicago State University (University) did not reconcile its Student Financial Aid awards and expenditure records on a monthly basis.

**Federal Department: U.S. Department of Education
CFDA Number: 84.063
Program Name: Federal Pell Grant Program
Questioned Cost: None**

During testing, it was noted that reconciliations of the Pell grants recorded on the University's general ledger expenditures and program award records were not performed. Amounts recorded for each of these items were different. Expenditure records used for preparation of the University's financial statements recorded expenditures of \$48,566 greater than program award records.

**Federal Department: U.S. Department of Education
CFDA Number: 84.033
Program Name: Federal Work Study Program
Questioned Cost: \$16,595**

During testing, it was noted that reconciliations of Federal Work Study Program expenditures recorded on the University's general ledger and program award records were not performed. Amounts recorded for each of these items for the Job Location and Development Program agreed in total, however expenditure records used for preparation of the University's financial statements recorded expenditures of federal funds of \$16,595 more than program award records. This resulted in the program being overstated on the Schedule of Expenditures of Federal Awards by \$16,595. The University's drawdowns are based on the amounts recorded in the general ledger, so the University erroneously requested and received reimbursements in the amount of \$16,595 that it was not entitled to receive.

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

During testing, it was noted that reconciliations of Federal Academic Competitiveness Grant expenditures recorded on the University's general ledger and program award records were not performed. Amounts recorded for each of these items were different. Expenditure records used for preparation of the University's financial statements recorded expenditures of \$750 less than program award records. This resulted in the grant being understated on the Schedule of Expenditures of Federal Awards by \$750.

The U.S. Department of Education's "Blue Book" *Accounting, recordkeeping and reporting by postsecondary educational institutions for federally funded student financial aid programs* required the University to perform monthly reconciliations of program records, fiscal records and draw downs.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – FEDERAL

09-5 FINDING: STUDENT FINANCIAL AID NOT RECONCILED ON A TIMELY BASIS (Continued)

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

University officials stated that many student award transactions are adjusted due to enrollment changes and other eligibility factors. These transaction adjustments originate by the Financial Aid Office and interface to the student receivable account and accounting ledgers. Federal requirements stipulate that previous year adjustments must be recorded to student receivable accounts as eligibility factors change. Consequently, the accounting ledger may state an adjusted amount.

Failure to properly reconcile program and fiscal records and comply with cash management requirements is a violation of federal regulations. (Finding Code No. 09-5 and 08-12)

RECOMMENDATION

We recommend that the University properly reconcile all student financial aid program and fiscal records. We also recommend that the University return funds to the U.S. Department of Education or adjust future drawdowns.

UNIVERSITY RESPONSE

The University agrees with this recommendation. A monthly reconciliation of student financial aid records to financial reporting records will be completed. The University intends to comply with all federal program requirements.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – STATE COMPLIANCE

09-6 FINDING: INADEQUATE CONTROLS OVER CONTRACTING PROCEDURES

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

During our examination of 30 contracts totaling \$5,893,306, we noted the following:

- Four of the contracts tested, totaling \$112,000, were dated and signed by a University official and the vendors. However, the date of the vendor signatures was after the date of the commencement of services per the contract. The total amount of services provided prior to the signature date was not determinable.
- Fourteen of the contracts tested, totaling \$2,308,116, were dated and signed by a University official and vendors. The date that the University Official's executed the contracts was after the date of the commencement of services per the contract. One contract for \$7,200 was signed after the end of services per the contract. The total amount of services provided prior to the signature date was not determinable.
- Financial Interest and Potential Conflicts of Interest Disclosures were not noted in two of the twenty-eight contracts over \$10,000.
- One contracted vendor was paid more than the contracted amount. The vendor was paid an additional \$483.
- One contract selected for testing was not provided to auditors. It was determined that no contract was executed for the services provided. The payments made were for health insurance for students and totaled \$1,250,190.
- During the audit we noted that the bookstore that operates on campus had not been under contract during fiscal year 2009. The vendor previously had signed extensions to the initial contract, however no extensions were prepared in fiscal year 2009. The prior contract term ended in March of 2008.
- One contract contains a term that does not contain a year. The contract term begins upon signing and ends June 30th.
- Two contracts were approved by the Board of Trustees after the contract term start date.
- Two contracts (\$39,935) were with former employees; however, this was not disclosed or presented in a Conflict of Interest Disclosures.
- Nine contracts were not approved by the Board of Trustees as required. All of these were executed after April 1, 2009, when the Board of Trustees required all contracts over \$25,000 to be approved.
- Nine of the contracts did not contain an adequate description of the owners or trust beneficiaries of the contractor.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – STATE COMPLIANCE

09-6 FINDING: INADEQUATE CONTROLS OVER CONTRACTING PROCEDURES (Continued)

- Two of the contracts were missing the disclosure of the contracting vendor's legal status.
- Three contracts did not contain certifications specific to the work to be performed. These three contracts were for general contractor services, HVAC work and temperature control. All three contracts did not contain the Architectural, Engineering and Land Surveying Qualifications Based Selection Act and two did not contain the Steel Products Act.
- All thirty contracts did not contain the minimum requirements for written contracts as all of the required ethical certifications or general requirements were not present. The subject to appropriation clause, bid rigging/bid rotating certification, the discriminatory clubs certification, the international boycott certification, and the procurement of domestic products act were not noted on the standard contract form prepared by the University and signed by the contractor.

The University provided the auditors with a list of 142 contractual agreements they had entered into for fiscal year 2009 through June 12, 2009. Subsequently, an electronic file was provided to the auditors that listed 223 contractual agreements executed through June 30, 2009. There were 81 contracts initially omitted from the list given to auditors. Only 4 of the 81 contracts omitted from the initial list were executed between June 12, 2009 and June 30, 2009.

During the audit we also reviewed certain grant agreements between the University and other State agencies. One grant agreement reviewed was between the University and the Department of Commerce and Economic Opportunity. This grant agreement was for the term of July 1, 2008 through September 30, 2009. The grant was signed and dated by an official representing the University on June 26, 2008. However, the pre-printed date on the grant stated June 26, 2009, and the official that signed and dated the agreement was not employed by the University until July 15, 2008.

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

The Illinois Higher Education Procurement Bulletin Section 526.2010 states that competitive sealed bidding is the required method of source selection except as allowed by the Code. Section 526.2020 states that small purchases include individual procurements of \$50,000 or less for supplies or services, \$70,000 or less for construction, and less than \$20,000 for professional and artistic services. Small purchases may be made using the method of source selection determined to be the most appropriate to the circumstances.

Good business practices and proper internal controls would require that the University maintain an accurate listing of all contracts.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – STATE COMPLIANCE

09-6 FINDING: INADEQUATE CONTROLS OVER CONTRACTING PROCEDURES (Continued)

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

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

The University’s Accounting and Finance Policies and Procedures Manual requires that professional service contracts that exceed \$100,000 and purchases of \$250,000 or more shall require approval from the Board of Trustees. Effective March 11, 2009, the Board of Trustees temporarily changed the requirements for Board approval down to \$20,000 for professional service contracts and \$25,000 for purchases. Good business practice would also require approval by the Board of Trustees prior to the commencement of services.

The Architectural, Engineering, and Land Surveying Qualifications Based Selection Act (30 ILCS 535/60) states that each contract for architectural, engineering and land surveying services by a State agency shall contain a certificate signed by a representative of the State agency and the firm that the provisions of this Act were complied with.

The Steel Products Procurement Act (30 ILCS 565/4) states that each contract for the construction, reconstruction, alteration, repair, improvement or maintenance of public works made by a public agency shall contain a provision that steel products used in the performance of that contract shall be manufactured or produced in the United States.

The International Anti-Boycott Certification Act (30 ILCS 582/5) states every contract entered into by the State of Illinois for the manufacture, furnishing or purchasing of supplies, material, or equipment or for the furnishing of work, labor, or services, in an amount exceeding the threshold for small purchases according to the purchasing laws of this State or \$10,000, whichever is less, shall contain certification, as a material condition of the contract, by which the contractor agrees that neither the contractor nor any substantially-owned affiliated company is participating or shall participate in an international boycott in violation of the provisions of the U.S. Export Administration Act of 1979 or the regulations of the U.S. Department of Commerce promulgated under the Act.

The Procurement of Domestic Products Acts (30 ILCS 517/15) states that each contract awarded by a purchasing agency shall contain the contractors certification that procured products provided pursuant to the contract or a subcontract shall be manufactured in the United States.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – STATE COMPLIANCE

09-6 FINDING: INADEQUATE CONTROLS OVER CONTRACTING PROCEDURES (Continued)

The Discriminatory Club Act (775 ILCS 25/2) states that no private organization which sells goods or services to the State may pay any dues or fees on behalf of its employees or agents or may subsidize or otherwise reimburse them for payments of their dues or fees to any discriminating club.

The Criminal Code of 1961 (720 ILCS 5/33E-11) states that every bid submitted to and public contract executed pursuant to such bid by the State shall contain a certification by the prime contractor that the prime contractor is not barred from contracting with any unit of State or local government.

Illinois Administrative Code (44 Ill. Admin Code 1.1040) states that certain services or supplies shall be purchased through the Department of Central Management Services (DCMS). These items may be procured by other State agencies only as provided in the Administrative Code or in a letter of delegation from DCMS authorizing this procurement activity.

Good business practices would ensure all contracts for professional services are monitored to ensure requirements are met and tasks are accomplished prior to payment for services. The payments for the services should not exceed the maximum contracted amount.

Good business practices would dictate that all required information be included in the contracts, and all portions of the contract be properly completed, including an adequate description of the owners and the vendors legal status. A subject to appropriations clause should be included in each contract.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system or systems of internal fiscal and administrative controls which would include the monitoring of compliance with laws and regulations.

University management stated that during fiscal year 2009 management oversight of contracts was deficient and lacked a coordinated comprehensive review. Contract processing and required supporting documentation involved the Budget Office, Accounting Office, the Grant Office, Legal Affairs and for many the applicable Vice President. Consequently, late submission and insufficient review resulted.

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 Nos. 09-6, 08-13, 07-9, and 06-12)

RECOMMENDATION

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

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – STATE COMPLIANCE

09-6 FINDING: INADEQUATE CONTROLS OVER CONTRACTING PROCEDURES (Continued)

RESPONSE

The University agrees with the recommendation. The University has revised the contract processing system to comply with the procurement code requirements and all other compliance sources cited in the audit finding.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – STATE COMPLIANCE

09-7 FINDING: INACCURATE LOCALLY HELD FUNDS REPORTING

Chicago State University (University) could not provide adequate supporting documentation for the Quarterly Locally Held Funds Reports.

The University completed Locally Held Funds Reports for all 13 funds for each quarter. Accurate documentation was not provided to support the reports filed for any quarter. In addition, some of the supporting documentation provided contained revenue or expenditure numbers that were forced to enable the report from the prior quarter to roll forward to get to the ending cash balance for the current quarter. Some of the forced figures were in the millions, with the highest being \$8.6 million of forced expenditures.

After auditors requested additional supporting documentation for the reports in an attempt to verify their accuracy, all four quarters for all 13 funds were revised for auditors. These revised reports were not filed with the Office of the Comptroller, with the exception of the fourth quarter. All 13 funds had changes to both the revenues and expenditures as well as the cash balances from the reports originally filed. These revised reports also contained errors in classification of revenues and expenses, as well as missing supporting documentation. After additional requests, the auditors received additional supporting documentation and a few reports were revised again to correspond to the support.

There was no documentation suggesting the reports were reviewed by an employee other than the person who prepared the reports.

According to SAMS Procedure 33.13.20, Universities are required to report quarterly receipts, disbursements and ending cash and investment balances to the Comptroller. The information reported on the reporting form applies to monies deposited in and disbursed from locally held bank accounts.

Good business practice would dictate that the forms filed be completed accurately based upon information in the University's accounting system and appropriate documentation be maintained to support the reports filed. All forms should be reviewed by an employee not charged with the completion of the forms prior to the filing.

University officials stated that employee turnover attributed to this issue. In the past, an employee calculated revenues and expenses and another employee restated revenue and expenses to cash. The employee assisting in restating revenues and expenses to cash left the university and no one was available to assist with this task. Quarterly reports were adjusted to balance to meet submission deadlines to the State.

Failure to prepare accurate reports of locally held funds receipts and disbursements inhibits the Comptroller from performing its responsibilities of monitoring and reporting fiscal information on a statewide basis. (Finding Code No. 09-7)

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – STATE COMPLIANCE

09-7 FINDING: INACCURATE LOCALLY HELD FUNDS REPORTING (Continued)

RECOMMENDATION

We recommend the University prepare the locally held funds reports accurately for each quarter. The reports should be reviewed by an individual separate from the employee that prepares the reports.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The Office of Administration and Finance will perform a dual review of the quarterly reports prior to submission to the State of Illinois Comptroller's Office.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – STATE COMPLIANCE

09-8 FINDING: LACK OF CONTROLS OVER STUDENTS REGISTRATION

Chicago State University (University) allowed students whom had balances due to the University to continue registering and attending classes at the University.

Of the forty students tested owing a total of \$205,258 to the University, the following exceptions were noted:

- Two students (5%), with balances totaling \$14,747, were allowed to enroll and take courses even though they had holds on their accounts due to non-payment of tuition and fees for prior courses taken. One of these students, with a balance of \$9,148, is an employee of the University. No payments have been made on this account since 2005 and courses have been taken every semester since then.
- One account (3%), with a balance of \$4,804, was due from a participant of the Chicagoland Regional College Program. This participant had not paid prior room and board charges and was allowed to continue to receive room and board the following semester.

The Chicago State University Undergraduate Catalog states “Students with financial or academic holds may not register until the department that initiated the hold processes a release. Holds can be placed by: Bursar (balance due). Students must have met all their financial obligations to the University before they are eligible to register for classes unless special arrangements for meeting such obligations have been made with the bursar.”

Prudent business practices would dictate that the University should collect monies owed to them from the student before allowing a student to enroll in the next term.

University managements stated that control over student balance due and data system integration is of utmost importance. Of the 7,232 Fall 2009 semester student enrollment, system integration of the balance due hold process was carefully reviewed and monitored. The audit citation relating to a Chicagoland Regional College Program participant was a hold release exception approved by management. The other two exceptions had a hold release approval by the Bursar.

Failure to properly enforce registration holds could result in higher uncollectible receivable balances. (Finding Code No. 09-8)

RECOMMENDATION

We recommend that the University follow its procedures as stated in the Undergraduate Catalog regarding registration holds.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The Office of Administration and Finance will work with the Registrar and Information Technology to implement system controls of the registration holds.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – STATE COMPLIANCE

09-9 FINDING: INADEQUATE SUPPORT FOR QUARTERLY SUMMARY OF ACCOUNTS RECEIVABLE

Chicago State University (University) could not provide adequate supporting documentation for the Quarterly Summary of Accounts Receivable.

The University completes Quarterly Summary of Accounts Receivable reports for three funds. Of the three funds, one (33%) did not contain appropriate supporting documentation. No support was provided for any quarter for additions to accounts receivable or collections that occurred for the restricted fund. For the same fund, no support was provided for two of the quarters for number of accounts in receivables, and one quarter reported a number that did not tie to the supporting documentation.

The Statewide Accounting Management System (SAMS 26.30.10) states “the accounts receivable reports...provide a summary of the status of the State’s receivables and related collections activity.”

Good business practices dictate that reports should be completed based upon information contained in the University’s accounting system and appropriate documentation be maintained to support the reports filed.

University officials stated that inadequate training and insufficient supervisory review caused the Restricted Fund quarterly receivable reports errors.

Maintaining proper documentation is important to support the accuracy of reports filed to the State Comptroller. (Finding Code No. 09-9)

RECOMMENDATION

We recommend the University establish procedures for maintaining supporting documentation for required reports and forms.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The Office of Administration and Finance will perform a dual review of the quarterly reports prior to submission to the State of Illinois Comptroller’s Office.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – STATE COMPLIANCE

09-10 FINDING: NONCOMPLIANCE WITH ILLINOIS HUMAN RIGHTS ACT

Chicago State University (University) did not comply with the Illinois Human Rights Act by ensuring employees are aware of the complaint process available through the Illinois Department of Human Rights and that all employees receive training on sexual harassment. The University did not have any monitoring process in place to ensure that all employees received proper training.

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

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

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system or systems of internal fiscal and administrative controls which would include the monitoring of compliance with laws and regulations.

University management stated that vendor software will be utilized for sexual harassment prevention training. The training program will be available to University employees and students. The training schedule will target “at risk” units on a priority basis.

The failure to incorporate required points of contact in the University’s sexual harassment policy is noncompliance with State law. In addition, failure to present ongoing training could lead to employees not being aware of their rights under this Act. (Finding Code Nos. 09-10, 08-18 and 07-16)

RECOMMENDATION

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

UNIVERSITY RESPONSE

The University agrees with the recommendation. The Office of Labor and Legal Affairs has acquired software that will provide ongoing training on sexual harassment prevention. The website policy will be revised to provide additional disclosure of information to comply with the Act.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – STATE COMPLIANCE

09-11 FINDING: TIME SHEETS NOT MAINTAINED IN COMPLIANCE WITH THE STATE OFFICIALS AND EMPLOYEE ETHICS ACT

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

Of the twenty-five employees selected for testing, five (20%) employees did not submit timesheets during the entire year. Eight employees (32%) submitted time sheets, however they only reported days off. One employee (4%) had an adequate timesheet, however did not use it consistently. Five timesheets (20%) were not approved by the employee's supervisor.

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

University procedures do not require time reporting documenting time spent each day on official State business to the nearest quarter hour to be submitted for faculty, administrative and professional, department chair, exempt civil service, and graduate assistants. Each department supervisor can elect to require its employees to document time. During fiscal year 2008, beginning in the fall of 2008, many departments began requiring positive time reporting of employees through sign in sheets. The employees required to document time to the nearest quarter hour were non-exempt civil service, student aide, work-study, temporary help, and hourly professionals.

University officials stated that supervisors are responsible to maintain time/attendance records to comply with the Ethics Act. All employees are required to complete the standardized ethics training program and the time attendance record is a component of that training. The faculty union has decided not to comply with the time reporting requirement of the Act.

By not requiring positive time reporting from its employees, the University is not in compliance with this Act. (Finding Code Nos. 09-11, 08-17, 07-15, 06-7, and 05-6)

RECOMMENDATION

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

UNIVERSITY RESPONSE

Presently all offices should require time sheet sign-in and track employee time reporting in an effort to comply with the Ethics Act. The Faculty Union representing the State of Illinois Public University System has decided not to comply with the Act.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – STATE COMPLIANCE

09-12 FINDING: NONCOMPLIANCE WITH CAMPUS SECURITY ENHANCEMENT ACT

Chicago State University (University) did not develop a complete Campus Violence Prevention Plan or Emergency Response Plan.

The University developed a Campus Violence Prevention Plan and Campus Emergency Operation Plan in fiscal year 2009. These plans did not contain much of the information required by the Illinois Administrative Code.

Campus Security Enhancement Act (110 ILCS 12/20) states that “Each higher education institution is required to do the following: (1) develop a National Incident Management System-compliant, all-hazards, emergency response plan...and (2) develop an inter-disciplinary and multi-jurisdictional campus violence prevention plan.” Illinois Administrative Code Title 29, Section 305, Subparts B and C contain information required to be included in the University’s Campus Emergency Operations Plan and Campus Violence Prevention Plan.

University officials stated that although a Campus Violence Prevention Plan and Campus Emergency Operation Plan was developed during fiscal year 2009, this plan failed to include all pertinent information required by the Illinois Administrative Code. The various offices involved in this planning include primarily Campus Police, Counseling Center, Student Affairs and Information Technology. Recent University reorganization resulted in new leadership in these administrative departments. The aforementioned Campus Security and Emergency Response Plans are being reviewed and revised. Full compliance will be implemented in fiscal year 2010.

Failure to comply with state mandates could result in the University being unprepared in the event of a disaster and results in noncompliance with the Campus Security Enhancement Act. (Finding Code No. 09-12)

RECOMMENDATION

We recommend that the University develop an emergency response plan and a campus violence prevention plan that comply with the Campus Security Enhancement Act. Further, we recommend that the University file their plans with the Illinois Emergency Management Agency in accordance with the Act.

UNIVERSITY RESPONSE

In accordance with the requirements, the University submitted prior to the deadline the Campus Emergency Plan to the City of Chicago Emergency Management Coordinator and also to the Illinois Board of Higher Education. We are awaiting feedback from the City of Chicago Emergency management Coordinator. However, the University will continue to review and enhance the plan.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

CURRENT FINDINGS – STATE COMPLIANCE

09-13 FINDING: SUBSIDIES BETWEEN ACCOUNTING ENTITIES

Chicago State University (University) had subsidies between accounting entities (auxiliary enterprises and activities) during the current fiscal year.

During our testing of compliance with the Legislative Audit Commission's University Guidelines, we noted the following accounting entities had negative cash balances at the beginning and the end of the fiscal year, (a negative cash balance is in effect an unbooked interfund payable/receivable), thereby causing a subsidy between funds to occur:

- Student Activities
- Student Health Services

The Legislative Audit Commission's University Guidelines of 1982, as amended in 1997, states (Chapter 3, Section D, Part 1) "There shall be no subsidies between accounting entities. Subsidies include cash advances and interfund payables/receivables outstanding for more than one year."

University officials stated that during fiscal year 2009, management oversight of University Guidelines was deficient. The subsidy of the NCAA Division I Intercollegiate Athletic Program has existed for several years. The issue of a subsidy violation failed to be identified by management.

The subsidies between accounting entities is a violation of University Guidelines. (Finding Code Nos. 09-13)

RECOMMENDATION

We recommend that the University review the activities of the accounting entities and ensure that fees charged for services are sufficient to cover expenditures and ensure that subsidies between accounting entities do not occur.

UNIVERSITY RESPONSE

University management will evaluate the subsidy issue and take corrective action. The University intends to comply with the Legislative Audit Commission's University Guidelines.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS – PRIOR FINDINGS NOT REPEATED
FOR THE YEAR ENDED JUNE 30, 2009**

PRIOR FINDINGS NOT REPEATED – GOVERNMENT AUDITING STANDARDS

A. Financial Statement Adjustments

Chicago State University did not properly perform reconciliations of grant receivables, revenues and capital assets at the end of the accounting period. (Finding Code No. 08-1, 07-1)

Disposition: During the current period, the number and dollar amount related to financial statement adjustments were significantly less. Therefore, this finding has been reported in the Letter of Immaterial Findings as finding IM09-13.

B. Generally Accepted Accounting Principles (GAAP) Not Properly Applied to Voluntary Nonexchange Transactions

Chicago State University did not properly interpret and apply Government Accounting Standards Board (GASB) Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*. (Finding Code No. 08-2, 07-2, 06-1)

Disposition: During the current period, we did not note any improper revenue deferrals.

C. Uncollateralized Deposit Accounts and Untimely Bank Reconciliations

Chicago State University maintained deposits in uncollateralized accounts and did not perform timely reconciliations for all the University's bank accounts. (Finding Code No. 08-3, 07-3)

Disposition: During the current period, there were no uncollateralized deposits. There were fewer bank reconciliation exceptions. This finding was moved to the Letter of Immaterial Findings as finding IM09-11.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS – PRIOR FINDINGS NOT REPEATED
FOR THE YEAR ENDED JUNE 30, 2009**

PRIOR FINDINGS NOT REPEATED – GOVERNMENT AUDITING STANDARDS (Continued)

D. Inaccurate Statement of Cash Flow

Chicago State University did not prepare an accurate Statement of Cash Flows. (Finding Code 08-5)

Disposition: During the current period, the Statement of Cash Flows was prepared accurately.

E. Management's Discussion and Analysis

Chicago State University did not properly compile information for presentation of Management's Discussion and Analysis. (Finding Code No. 08-6)

Disposition: During the current period, the Management's Discussion and Analysis was compiled properly.

F. Inaccurate Supplementary Information For State Compliance Purposes

Chicago State University did not properly compile information for presentation of supplementary information for state compliance purposes. (Finding Code No. 08-7)

Disposition: During the current period, the presentation of supplementary information for state compliance purposes was compiled properly.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS – PRIOR FINDINGS NOT REPEATED
FOR THE YEAR ENDED JUNE 30, 2009**

PRIOR FINDINGS NOT REPEATED – FEDERAL COMPLIANCE

G: Failure to Comply with Cash Management Requirements

Chicago State University failed to comply with cash management requirements. (Finding Code No. 08-10, 07-8)

Disposition: During the current period, all expenditures were reimbursed by draw downs for the appropriate federal grant.

H: Incorrect Signed Promissory Notes for Federal Perkins Loans

Chicago State University did not obtain the correct master promissory notes for those students who received a Federal Perkins Loan. (Finding Code No. 08-11)

Disposition: During the current period, all students tested had signed a current promissory note.

PRIOR FINDINGS NOT REPEATED – STATE COMPLIANCE

I: Failure to File Contracts with the State Comptroller and Noncompliance with Illinois Procurement Code

Chicago State University contracts were not on file with the Office of the State Comptroller and the University did not comply with the Illinois Procurement Code as actual costs incurred related to emergency purchases were not reported in a timely manner. (Finding Code No. 08-14, 07-10, 06-11 and 05-5)

Disposition: During the current period, there were fewer exceptions noted. Therefore, this finding has been reported in the Letter of Immaterial Findings as Finding IM09-06.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS – PRIOR FINDINGS NOT REPEATED
FOR THE YEAR ENDED JUNE 30, 2009**

PRIOR FINDINGS NOT REPEATED – STATE COMPLIANCE (Continued)

J: Employee Travel and Use of University Credit Card

Chicago State University was not following policies issued by the Illinois Higher Education Travel Control Board and Department of Central Management Services Property Control Rules. (Finding Code Nos. 08-15, 07-11, 06-5)

Disposition: During the current period, there were no exceptions noted related to the use of the University credit card.

K: Untimely Reconciliation of Agency's Records to the Comptroller's Monthly Reports

Chicago State University did not perform timely reconciliations of the University's records to the Office of the State Comptroller records. (Finding Code No. 08-16 and 07-14)

Disposition: During the current period, the reconciliations were performed timely.

L: Inaccurate Agency Report of State Property

Chicago State University did not timely file accurate Agency Reports of State Property with the Office of the State Comptroller. (Finding Code No. 08-19)

Disposition: During the current period, the Agency Report of State Property was filed timely and accurately.

M: Noncompliance with Chicago State University Law

Chicago State University's Board of Trustees was not comprised of the required members. (Finding Code No. 08-20)

Disposition: During the current period, there were vacancies on the Board of Trustees, however appointments were made after the year ended. Therefore, this finding has been moved to the Letter of Immaterial Findings at IM09-01.

**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)
 - 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 Expenditures, Nonfederal Expenses, And New Loans
 - 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 accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the accountants' 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, 2009

Federal grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Grantor's Number	Expenditures	Passed- Through to Sub-recipients
MAJOR PROGRAM - STUDENT FINANCIAL ASSISTANCE CLUSTER				
<u>DEPARTMENT OF EDUCATION:</u>				
Federal Supplemental Educational Opportunity Grants	84.007		\$ 455,234	\$ -
Federal Family Education Loans (Note3)	84.032		-	-
Federal Work-Study Program	84.033		521,535	-
Federal Perkins Loan Program (Note 2)	84.038		-	-
Federal Pell Grant Program	84.063		12,532,270	-
Academic Competitiveness Grant	84.375		62,193	-
National Science and Mathematics Access to Retain Talent	84.376		34,000	-
Teacher Education Assistance for College and Higher Education Grants	84.379		16,000	-
<u>DEPARTMENT OF HEALTH & HUMAN SERVICES</u>				
Scholarships for Health Professions Students from Disadvantaged Backgrounds - SDS Nursing Program	93.925		45,975	-
Total Student Financial Aid Cluster			13,667,207	-
MAJOR PROGRAM - RESEARCH AND DEVELOPMENT CLUSTER				
<u>DEPARTMENT OF DEFENSE</u>				
Basic Scientific Research - Understanding and Exploiting the Microwave Effect for Chemical Synthesis	12.431		142,478	-
Basic Scientific Research - Compact Modular Spectroscopy Stations to Enhance & Research Experience at CSU	12.431		2,170	-
			144,648	-
Development of Fuel Cells for Mobile Robotic Systems	12.XXX		1,175,898	-
Development of Solar Cell I Systems	12.XXX		563,530	-
Total Department of Defense			1,884,076	-
<u>NATIONAL SCIENCE FOUNDATION</u>				
Summer Symposium in Real Analysis XXXII Mathematical & Physical Sciences: Passed Through the Ohio State University Research Foundation: Creating Research Based Single Concept Sequences for in-class polling system	47.049		3,194	-
	47.049	DUE-0618128	13,906	-
			17,100	-
Computer and Information Science and Engineering: Passed Through Governors State University: Cpath Grant	47.070	0722301	5,496	-
Biological Sciences - Acquisition of a Florescence-Activated Cell Sorter to Support Research And Training at CSU	47.074		6,065	-
Biological Sciences - MRI: Acquisition of a State of the Art Scanning Electron Scope	47.074		45,990	-
Biological Sciences: Passed Through the Chicago Botanic Garden: Integrating Long-term Demographic Data & Repeated Genetic Sampling	47.074	DEB-051608	8,290	-
			60,345	-

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Grantor's Number	Expenditures	Passed- Through to Sub-recipients
MAJOR PROGRAM - RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)				
<u>NATIONAL SCIENCE FOUNDATION (CONTINUED)</u>				
Education and Human Resources - AMP- Chicago Science, Engineering and Math Alliance	47.076		1,262,801	409,250
Education and Human Resources - Support, Mentoring, Accountability, Research and Training: A Sustainable, Thriving Program in Mathematical Sciences	47.076		12,602	-
Education and Human Resources - Support, Mentorship, Accountability, Responsibility, Training, Education and Research (SMARTER)	47.076		56,696	-
Education and Human Resources - Creating Innovative Physics Learning Environments in the Urban Classroom	47.076		31,043	-
Education and Human Resources - Establishing a Supportive Environment	47.076		1,973	-
			1,365,115	409,250
Total National Science Foundation			1,448,056	409,250
<u>NATIONAL INSTITUTES OF HEALTH</u>				
Mental Health Research Grant	93.242		7,981	-
Child Health and Human Development Extramural Research- EARDA	93.865		47,387	-
Biomedical Research and Research Training - Minority Biomedical Research Support (MBRS)	93.859		553,213	-
Biomedical Research and Research Training - Conformations of c-type cytochrome self-assembling complexes	93.859		94,278	-
Biomedical Research and Research Training: Passed Through the American Psychological Association Developing Minority Biomed	93.859	5T36GM008640-06	17,499	-
Biomedical Research and Research Training: Passed Through Northwestern University MS-PhD Bridge to the Future	93.859	5R25-GM068929-05	159,066	-
			824,056	-
Total National Institutes of Health			879,424	-
Total Research And Development Cluster			4,211,556	409,250
MAJOR PROGRAM - TRIO CLUSTER				
<u>DEPARTMENT OF EDUCATION</u>				
TRIO-Student Support Services	84.042		258,766	-
TRIO-Educational Talent Search	84.044		229,662	-
TRIO-Project Fame/Upward Bound	84.047		537,207	-
TRIO-Project Fame/Upward Bound II	84.047		297,604	-
			834,811	-
TRIO-Educational Opportunity Centers	84.066		345,468	-
Total TRIO Cluster			1,668,707	-

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Grantor's Number	Expenditures	Passed- Through to Sub-recipients
OTHER PROGRAMS				
<u>DEPARTMENT OF EDUCATION</u>				
Minority Science And Engineering Improvement Program	84.120		9,530	-
Ensuring Mastery of Mathematics	84.120		45,747	-
			55,277	-
Combined Priority for Personnel Prep.	84.325		270,657	-
Improving Teacher Quality State Grants: Passed Through the Illinois Board of Higher Education: Institutionalization of Chicago Science Van Programs	84.367	08NCLB9 & 07NCLB11	277,668	-
Raising Expectations	84.382		220,927	-
Total Department of Education			824,529	-
<u>DEPARTMENT OF HEALTH & HUMAN SERVICES</u>				
Nurse Education, Practice and Retention Grants - CSU's Access to Nursing Care Through Service Learning	93.359		349	-
Temporary Assistance for Needy Families Passed Through Illinois Department of Human Services TANF Special Projects	93.558	81X6464000	177,182	-
Major Program - Head Start				
Passed Through the City of Chicago Headstart/IPCFD	93.600	P O#10753, 4640	1,561,578	-
Early Headstart Program	93.600	P O#377,9724	116,543	-
Head Start Collaboration & Services	93.600	P O#432, 9723	299,802	-
Head Start Developing Communities Project	93.600	P O#9723, 9724	428,706	-
			2,406,629	-
Health Careers Opportunity Program: Passed Through the University of Illinois at Chicago: Six Week Summer Health Careers Opportunity Program	93.822	5D18HP02992-050	8,964	-
Total Department of Human and Health Services			2,593,124	-
<u>U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT</u>				
Major Program - Textbook and Learning Material Program				
Textbook & Learning Materials Program	98.001		1,478,648	-
Total U.S. Agency for International Development			1,478,648	-
<u>DEPARTMENT OF AGRICULTURE</u>				
Passed Through Northern Illinois University Fruit & Vegetable Availability Among WIC Vendors	10.255		4,291	-
Passed Through the Illinois State Board of Education Child & Adult Care Food Program	10.558	14-016-315P-00/4226	40,054	-
Summer Food Service Program for Children	10.559	14-016-315P-00/4225	14,300	-
Total Department of Agriculture			58,645	-

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Grantor's Number	Expenditures	Passed- Through to Sub-recipients
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>				
Performance Evaluation of Elliptic Curve	12.300		11,135	-
NASA Students Pursuing Academic and Career Excellence: Passed Through Spelman College: Visualization in Math and Science	81.049	NCC8-227	107,782	-
Passed Through Sonoma State University Glast Flight Investigation	43.001	SA 104065	19,144	-
Passed Through DePaul University: DePaul University Space Science Center	12.300	5000082SG034	5,828	-
Total National Aeronautics and Space Administration			143,889	-
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>				
Soul of a People: Voices from the Writers' Project	45.164		250	-
Total National Endowment for the Humanities			250	-
<u>U.S. DEPARTMENT OF ENERGY</u>				
CSU Technology Center Planning & Design	81.049		610,123	-
Total U.S. Department of Energy			610,123	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 25,256,678	\$ 409,250

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

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, 2009. 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, 2009 totaled \$2,300,294. Loan advances for the year ended June 30, 2009 totaled \$83,682. Interest income on loans totaled \$21,907 and other income totaled \$14,031.

3. FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP)

The University approved \$36,214,385 in FFELP Loans (Stafford Subsidized - \$16,974,596, Stafford Unsubsidized - \$18,913,023, Parent Loans Plus - \$225,709 and Graduate Plus - \$101,057).

4. NON-CASH ASSISTANCE AND FEDERAL INSURANCE

During the year ended June 30, 2009, the University received no non-cash assistance. Also there was no federally funded insurance in effect during the year ended June 30, 2009.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2009**

FOURTEEN MONTHS ENDED AUGUST 31, 2009

Public Act Nos. 95-0731, 95-0732, 95-0733 and 95-0734

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures (July 1-Aug 31)	Total Expenditures	Balances Lapsed*
GENERAL REVENUE FUND (001)					
Personal services	\$ 36,559,500	\$ 36,310,548	\$ -	\$ 36,310,548	\$ 248,952
Social Security	385,900	369,508	(81,350)	288,158	97,742
Group Insurance	1,024,000	512,000	-	512,000	512,000
Contractual services	1,992,700	1,989,489	-	1,989,489	3,211
Travel	11,000	9,149	-	9,149	1,851
Commodities	11,000	9,818	-	9,818	1,182
Equipment and library books	168,100	125,042	-	125,042	43,058
Telecommunications	304,400	195,622	-	195,622	108,778
Operation of Automotive Equipment	1,000	942	-	942	58
Awards and grants	104,400	68,432	-	68,432	35,968
Doctor of Education in Ed. Leadership	150,000	109,242	40,758	150,000	-
Convocation Center Operation & Maintenance	1,000,000	720,895	279,105	1,000,000	-
Projects to Improve Retention	400,000	249,179	150,821	400,000	-
	<u>42,112,000</u>	<u>40,669,866</u>	<u>389,334</u>	<u>41,059,200</u>	<u>1,052,800</u>
GENERAL PROFESSIONS DEDICATED FUND (022)					
Pharmacy Practice Education Training	614,000	438,470	175,530	614,000	-
Total General Professions Dedicated Fund	<u>614,000</u>	<u>438,470</u>	<u>175,530</u>	<u>614,000</u>	<u>-</u>
TOTAL APPROPRIATIONS	<u>\$ 42,726,000</u>	<u>\$ 41,108,336</u>	<u>\$ 564,864</u>	<u>\$ 41,673,200</u>	<u>\$ 1,052,800</u>

* The State, through IBHE's letter on November 26, 2008, issued a request of 2.5% reserve on General Fund appropriations for FY 2009. The above lapsed balance of \$1,052,800 represents the 2.5% budget cut for FY2009 General Fund appropriations.

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

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

**FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Balances for 2008)**

	<u>2009</u>	<u>2008</u>
	<u>PUBLIC ACT</u>	<u>PUBLIC ACT</u>
	<u>95-0731, 95-0732,</u>	<u>95-0348</u>
	<u>95-0733, 95-0734</u>	<u>95-0348</u>
GENERAL REVENUE FUND (001)		
APPROPRIATIONS	<u>\$ 42,112,000</u>	<u>\$ 42,857,200</u>
EXPENDITURES		
Personal services	36,310,548	35,454,700
Social Security	288,158	385,900
Group Insurance	512,000	1,024,000
Contractual services	1,989,489	1,992,700
Travel	9,149	11,000
Commodities	9,818	11,000
Equipment and library books	125,042	168,100
Telecommunications	195,622	304,400
Operations of Automobile	942	1,000
Awards and Grants	68,432	104,400
HIV/AIDS Policy & Research	-	400,000
Doctor of Education in Ed. Leadership	150,000	150,000
Financial Assistance Outreach Program	-	450,000
Convocation Center Operation & Maint	1,000,000	1,000,000
Projects to Improve Retention	400,000	400,000
Public Policy Institute	-	1,000,000
Total expenditures	<u>41,059,200</u>	<u>42,857,200</u>
Lapsed balances	<u>1,052,800</u>	<u>-</u>
GENERAL PROFESSIONS DEDICATED FUND (022)		
APPROPRIATIONS	<u>614,000</u>	<u>-</u>
EXPENDITURES		
Pharmacy Practice Education Training	614,000	-
Total expenditures	<u>614,000</u>	<u>-</u>
Lapsed balances	<u>-</u>	<u>-</u>
GRAND TOTAL		
APPROPRIATIONS	42,726,000	42,857,200
EXPENDITURES	<u>41,673,200</u>	<u>42,857,200</u>
TOTAL LAPSED BALANCES*	<u>\$ 1,052,800</u>	<u>\$ -</u>

* The State, through IBHE's letter on November 26, 2008, issued a request of 2.5% reserve on General Fund appropriations for FY 2009. The above lapsed balance of \$1,052,800 represents the 2.5% budget cut for FY2009 General Fund appropriations.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009
(With comparative totals for the year ended June 30, 2008)**

	2009	2008
INCOME FUND REVENUES		
Tuition revenue	\$ 29,439,617	\$ 26,517,402
Laboratory fee	218,530	188,142
Late registration fee	100,296	54,582
NSF check fee	2,095	2,969
Deferred payment fee	37,582	35,644
Graduation fee-undergraduate	13,335	16,555
Graduation fee-graduate	5,825	7,875
Transcript fee	86,716	73,856
Application fee	175,995	112,975
Interest income	102,618	434,202
Miscellaneous other income	37,405	150,502
TOTAL INCOME FUND REVENUES	\$ 30,220,014	\$ 27,594,704
INCOME FUND EXPENDITURES		
Personal services	\$ 16,058,907	\$ 15,906,671
SURS Retirement	2,726	-
Social Security	491,136	334,580
CMS Group Insurance	512,000	-
Contractual services	6,539,290	5,235,553
Travel	196,002	248,579
Commodities	1,361,769	1,095,324
Equipment and library books	763,522	1,041,464
Telecommunications	107,979	163,790
Operation of automotive equipment	32,576	40,717
Permanent improvements	187,975	82,732
TOTAL INCOME FUND EXPENDITURES	\$ 26,253,882	\$ 24,149,410

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF CHANGES IN STATE PROPERTY
FOR THE YEAR ENDED JUNE 30, 2009**

(In thousands)

	Beginning Balance at June 30, 2008	Additions	Reclassifications	Retirements	Ending Balance at June 30, 2009
Land	\$ 9,611	\$ -	\$ -	\$ -	\$ 9,611
Buildings and building improvements	171,042	4,257	1,967	-	177,266
Site improvements	12,116	28	(14)	-	12,130
Equipment	36,693	2,491	(29)	(1,204)	37,951
Library books	10,701	304	-	-	11,005
Construction in-progress	1,586	1,859	(1,924)	-	1,521
Capital Lease Assets	-	375	-	-	375
TOTAL	\$ 241,749	\$ 9,314	\$ -	\$ (1,204)	\$ 249,859

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, 2009**

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

	<u>Balance FY 09</u>	<u>Balance FY 08</u>	<u>\$ Difference</u>	<u>%</u>
REVENUES				
Other Operating Revenues	\$ 2,335,300	\$ 2,907,252	\$ (571,952)	-20%
Other Operating Revenues decrease was primarily due to the reduction in miscellaneous special service fees.				
EXPENSES				
Research	\$ 2,607,597	\$ 3,658,509	\$ (1,050,912)	-29%
The decrease in Research is primarily due to the reduction in expenditures from the Fuel Cell Grant.				
Public Service	\$ 8,099,153	\$ 6,180,486	\$ 1,918,667	31%
The increase in Public Service expenditures was due to the completion of the Jones Convocation Center.				
Depreciation	\$ 6,906,656	\$ 5,713,803	\$ 1,192,853	21%
The increase in Depreciation expenses was due to the capitalization of the Jones Convocation Center Building.				
Scholarship and Fellowship	\$ 8,722,355	\$ 7,151,009	\$ 1,571,346	22%
The increase in Scholarship and Fellowship expenditures was due to the Pell and Supplemental Education Opportunity Grant Awards.				
Auxiliary Enterprise Expenditures	\$ 2,311,469	\$ 4,800,965	\$ (2,489,496)	-52%
The decrease in Auxiliary Enterprise expenditures was due to the reclassification of expenses for debt service.				
NONOPERATING REVENUES (EXPENSES)				
Investment Income (Loss)	\$ 125,945	\$ 9,186	\$ 116,759	1271%
The increase in Investment Income is primarily due to higher interest yield for fiscal year 2009 and Perkin's Loan collections.				
Interest on Capital Asset - Related Debt	\$ (664,240)	\$ (1,345,346)	\$ 681,106	-51%
Interest on Capital Assets decreased due to the reversal of accrued interest on performance bonds.				

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPARATIVE SCHEDULE OF CASH, TEMPORARY CASH INVESTMENTS,
AND INVESTMENTS - AT MARKET VALUE
AS OF JUNE 30, 2009
(With Comparative Totals as of June 30, 2008)**

	<u>2009</u>	<u>2008</u>
By Depository		
Cash and temporary cash investments:		
Cash	\$ 320	\$ -
Citibank , Chicago, Illinois, Money Market Account	257,926	246
Bank of America - MM	11,875	203,286
Checking accounts:		
Shore Bank, Chicago, Illinois, Depository Account	587,061	737,812
Shore Bank, Chicago, Illinois, ECA Account	1,500	-
Shore Bank, Chicago, Illinois, Student Loan Account	49,219	154,930
Shore Bank, Chicago, Illinois, HHS Account	79,758	152,272
Citibank, Chicago, Illinois, Vendor Disbursement Account	-	(2,911,576)
Citibank, Chicago, Illinois, Student Disbursement Account	-	(166,645)
Citibank, Chicago, Illinois, Electronic Depository Account - Local	226,289	44,355
Citibank, Chicago, Illinois, Electronic Depository Account - International	405	405
Citibank, Chicago, Illinois, TMS Account	7,146	1,843
Chase, Chicago, Illinois, Payroll Account	73,910	227,884
Harris Bank, Chicago, Illinois, HUD Account	174,920	119,473
The Illinois Funds, Springfield, Illinois, Clearing Fund	2,804,089	1,637,508
The Illinois Funds, Springfield, Illinois, Payroll Fund	1,223,454	9,858,408
The Illinois Funds, Springfield, Illinois, SURMA	-	2,654,706
Bank of America, Chicago, Illinois, Checking	23,368	5,285
Bank of America, Chicago, Illinois, Checking	13,652	2,500
Standard Chartered Bank, Ghana, S Africa, USAID	-	58,510
Standard Chartered Bank, Ghana, S Africa, USAID	-	11,430
Temporary cash investments -		
Seaway Bank, Chicago Illinois, Bond Revenue Proceeds	259	562
Total Cash and Cash Equivalents	<u>\$ 5,535,151</u>	<u>\$ 12,793,194</u>
By Fund		
Unrestricted current funds	\$ 7,742,225	\$ 5,900,657
Restricted current funds	(1,554,190)	(573,439)
Loan funds	(43,204)	(42,911)
Plant Funds	(809,689)	4,728,621
Agency Funds	200,009	2,780,266
Total Cash and Cash Equivalents	<u>\$ 5,535,151</u>	<u>\$ 12,793,194</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN ASSET AND LIABILITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009**

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

	<u>Balance FY 09</u>	<u>Balance FY 08</u>	<u>\$ Difference</u>	<u>%</u>
ASSETS				
<i>Cash and Cash Equivalents</i>	\$ 5,535,151	\$ 12,793,194	\$ (7,258,043)	-57%
Cash and cash equivalents decreased due partially to settlement of performance contracts.				
<i>Balance in State Appropriation</i>	\$ 2,041,650	\$ 3,184,380	\$ (1,142,730)	-36%
The balance in State appropriations decreased due to timeliness of processing payment vouchers to the State of Illinois.				
<i>Prepaid Expenses and Other Assets</i>	\$ 528,849	\$ 314,669	\$ 214,180	68%
Prepaid expenses and other assets increased mainly due to payment of annual contracts for telecom and wireless services.				
LIABILITIES				
<i>Accounts Payable and Accrued Liabilities</i>	\$ 12,657,010	\$ 16,432,876	\$ (3,775,866)	-23%
Current restricted receivables represent the major decreased category, down \$2.2 million, with Agency fund accounting for the remainder decrease as funds were transferred to another SURMA member organization this fiscal year.				
<i>Deferred Revenue</i>	\$ 1,134,328	\$ 838,813	\$ 295,515	35%
Deferred Revenues in student tuition and fees increased due to an increased advanced Fall enrollment for this fiscal year.				
<i>Long-Term Liabilities - Current Portion</i>	\$ 1,724,354	\$ 5,625,844	\$ (3,901,490)	-69%
Performance contract obligation, both long term and and current portion, was liquidated during the fiscal year.				
<i>Performance Contract Notes Payable</i>	\$ -	\$ 776,444	\$ (776,444)	-100%
Reduction reflects current portion of Performance Contract obligation liquidated during the fiscal year.				

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF SIGNIFICANT LAPSE PERIOD EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009**

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

	<u>Lapse Period Expenditures</u>	<u>Total Expenditures</u>	<u>%</u>
General Revenue Fund			
Social Security	\$ (81,350)	\$ 288,158	-28%
The State, through IBHE's letter of November 26, 2008, issued a request of 2.5% reserve on General Fund appropriations for FY 2009. The negative variance represents part of the 2.5% (\$1,052,800) FY09 budget cut.			
Doctor of Education in Education Leadership Program	\$ 40,758	\$ 150,000	27%
Payments for contractual, commodities and equipment representing expenditures paid locally by 6/30/09 and submitted to the Comptroller's Office in the lapse period for reimbursement.			
Projects to Improve Retention	\$ 150,821	\$ 400,000	38%
Payments for contractual, commodities and equipment representing expenditures paid locally by 6/30/09 and submitted to the Comptroller's Office in the lapse period for reimbursement.			
Convocation Center Operation & Maintenance	\$ 279,105	\$ 1,000,000	28%
Payments for contractual, commodities and equipment representing expenditures paid locally by 6/30/09 and submitted to the Comptroller's Office in the lapse period for reimbursement.			

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF ACCOUNTS RECEIVABLE
AS OF JUNE 30, 2009
(With Comparative Totals as of June 30, 2008)**

Balance Sheet at June 30 of	<u>2009</u>	<u>2008</u>	<u>Change</u>
Accounts Receivable (Net)			
Current Unrestricted Fund	\$ 6,143,102	\$ 6,507,002	\$ (363,900)
Current Restricted Fund	7,912,996	10,935,523	(3,022,527)
Total Accounts Receivable (Net)	<u>\$ 14,056,098</u>	<u>\$ 17,442,525</u>	<u>\$ (3,386,427)</u>
Accounts Receivable - All Funds at Gross	\$ 16,499,795	\$ 19,185,566	\$ (2,685,771)
Less: Allowance for Uncollectible Accounts	<u>(2,443,697)</u>	<u>(1,743,041)</u>	<u>(700,656)</u>
Total Accounts Receivable (Net)	<u>\$ 14,056,098</u>	<u>\$ 17,442,525</u>	<u>\$ (3,386,427)</u>
Aging of Current Unrestricted Fund			
Current (less than one year)	\$ 3,086,334	\$ 4,296,839	\$ (1,210,505)
One year past due	2,196,035	1,549,668	646,367
Two years past due	1,273,861	1,016,114	257,747
Three years past due	926,694	914,992	11,702
Older than three years past due	1,071,944	440,499	631,445
Total Current Unrestricted Fund-Gross	<u>\$ 8,554,868</u>	<u>\$ 8,218,112</u>	<u>\$ 336,756</u>
Balance Sheet - Current Unrestricted Fund (Net)	\$ 6,143,102	\$ 6,507,002	\$ (363,900)
Allowance for Uncollectible Accounts	<u>(2,411,766)</u>	<u>(1,711,110)</u>	<u>(700,656)</u>
TOTAL CURRENT UNRESTRICTED FUND-GROSS	<u>\$ 8,554,868</u>	<u>\$ 8,218,112</u>	<u>\$ 336,756</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF SOURCES AND APPLICATIONS OF
INDIRECT COST RECOVERIES
FOR THE YEAR ENDED JUNE 30, 2009**

SOURCES:

Federal funds	\$ 921,209
State funds	136,415
Local and Private funds	70,535
Other sources	17,658
Total Sources	<u>1,145,817</u>

APPLICATIONS:

Research	<u>331,728</u>
Total Applications	<u>331,728</u>

Funds Transferred to Athletics Fund	<u>500,000</u>
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Excess of Sources Over Applications	<u>314,089</u>
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FUND BALANCE, BEGINNING OF YEAR	<u>(139,042)</u>
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FUND BALANCE, END OF YEAR	<u><u>\$ 175,047</u></u>
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**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

AGENCY FUNCTIONS AND PLANNING

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

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

Chicago State University - Mission

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

To accomplish its mission, the University is committed to:

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

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

AGENCY FUNCTIONS AND PLANNING (continued)

Chicago State University Vision Statement

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

By the year 2010:

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

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

AGENCY FUNCTIONS AND PLANNING (continued)

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.

University Head and Location

The current President of the University is Dr. Wayne Watson whose office is located at:

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

**STATE OF ILLINOIS
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FOR THE YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

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

	<u>2009</u>	<u>2008</u>
Faculty and Staff	982	961
Students	<u>272</u>	<u>265</u>
TOTAL	<u><u>1,254</u></u>	<u><u>1,226</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>2009</u>	<u>2008</u>
Head Count:		
Undergraduate	4,855	4,971
Graduate	<u>1,533</u>	<u>1,573</u>
TOTAL	<u><u>6,388</u></u>	<u><u>6,544</u></u>
Institutional cost per student	<u><u>\$ 6,631</u></u>	<u><u>\$ 6,797</u></u>
Credit Hours:		
Undergraduate	120,353	120,606
Graduate	<u>25,590</u>	<u>23,272</u>
TOTAL	<u><u>145,943</u></u>	<u><u>143,878</u></u>

**STATE OF ILLINOIS
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Comparative Enrollment Statistics (Continued)

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

Chicago State University Enrollment Summary '99-09:

<u>Term</u>	<u>Undergraduates</u>	<u>Graduates</u>	<u>Total</u>
Fall '99	5,585	1,995	7,580
Fall '00	5,060	1,854	6,914
Fall '01	5,140	1,939	7,079
Fall '02	4,979	2,179	7,158
Fall '03	4,904	2,136	7,040
Fall '04	4,867	1,968	6,835
Fall '05	5,160	1,971	7,131
Fall '06	5,167	1,868	7,035
Fall '07	5,217	1,593	6,810
Fall '08	5,211	1,609	6,820
Fall '09	5,398	1,837	7,235

Chicago State University Enrollment Demographics - Fall '08:

<u>Category</u>	<u>Number</u>	<u>Percent</u>
Full-time	3,774	55.3%
Part-time	3,046	44.7%
Male	1,937	28.4%
Female	4,883	71.6%
Freshman	1,332	19.5%
Sophomores	919	13.5%
Juniors	1,349	19.8%
Seniors	1,561	22.9%
Other Undergraduates	50	0.7%
Graduates	1,609	23.6%

Credit Hour Production - Fall '08 and Spring '09:

<u>College</u>	<u>2009 Credit Hour</u>
Pharmacy	2958
Arts & Science	45,669
Business	15,690
Education	24,832
Nursing	20,035
Special Programs	19,799
Undecided/Undeclared	4,255
TOTAL	133,238

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 2009
(UNAUDITED)**

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

	2009		2008	
	Total Costs	Total Semester Cost Per Full-Time Equivalent	Total Costs	Total Semester Cost Per Full-Time Equivalent
Direct salary	\$ 17,349,709	\$ 1,708	\$ 15,182,768	\$ 1,524
Indirect instruction	1,796,720	177	2,032,254	204
Departmental research	977,020	96	1,036,022	104
Departmental overheads	6,516,457	642	7,481,629	751
College or school overheads	2,998,790	295	2,122,294	213
Subtotal of Department and College Cost	<u>29,638,696</u>	<u>2,918</u>	<u>27,854,967</u>	<u>2,796</u>
Overhead support unique to college costs	4,737,827	467	7,266,941	730
All other academic support	5,952,354	586	6,103,006	613
Student services	3,582,802	353	3,735,074	375
Institutional support	12,648,315	1,245	12,033,250	1,208
Subtotal of Department and College Costs with University Overheads	<u>56,559,994</u>	<u>5,569</u>	<u>56,993,238</u>	<u>5,722</u>
Operation and maintenance of physical plant	10,788,647	1,062	10,709,069	1,075
TOTAL OF ALL COSTS	<u><u>\$ 67,348,641</u></u>	<u><u>\$ 6,631</u></u>	<u><u>\$ 67,702,307</u></u>	<u><u>\$ 6,797</u></u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2009**

EMERGENCY PURCHASES

The University made the following emergency purchases during FY09:

- Paid Youngblood Executive Search, Inc., Chicago, IL (\$29,500) to conclude the executive search for a vice president of Administration and Finance Division.
- Paid Summit America Insurance Services, Salt City, UT (\$69,500) for immediate athletic insurance need.
- Paid The Summit League, Elmhurst, IL (\$78,750) for athletic league membership.

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 09</u>
00-126003	\$10,000,000	\$ -

BOOKSTORE INFORMATION (Unaudited)

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

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

During FY 09 the bookstore had gross sales of \$2,880,179. The bookstore has been given exclusive rights to sell books on campus.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF FEDERAL EXPENDITURES, NONFEDERAL EXPENSES, and NEW LOANS
Year Ended June 30, 2009
(expressed in thousands)**

Schedule A - Federal Financial Component

Total Federal Expenditures Reported on SEFA schedule	\$	25,257
Total New Loans Made not included on SEFA schedule		36,298
Amount of Federal Loan Balances at Beginning of the Year (not included on the SEFA schedule and continued compliance required)		2,243
Other noncash Federal Award Expenditures (not included on SEFA schedule)		-
Total Schedule A	<u>\$</u>	<u>63,798</u>

Schedule B - Total Financial Component

Total Operating Expenses (From Financial Statements)	\$	130,435
Total Nonoperating Expenses (From Financial Statements)		664
Total new loans made		36,298
Amount of Federal Loan Balances at Beginning of the Year		2,243
Other noncash Federal award expenditures		-
Total Schedule B	<u>\$</u>	<u>169,640</u>

Schedule C

		<u>Percent</u>
Total Schedule A	\$ 63,798	37.6%
Total Non-Federal Expenses	<u>\$ 105,842</u>	<u>62.4%</u>
Total Schedule B	<u>\$ 169,640</u>	<u>100.0%</u>

These schedules are used to determine the Agency's single audit costs in accordance with OMB Circular A-133.

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

SCHEDULE OF DEGREES CONFERRED

The University conferred degrees during the years ended June 30, 2009 and 2008 as follows:

	<u>2009</u>	<u>2008</u>
Bachelors Degrees	711	630
Post-Baccalaureate Certificates	4	1
Masters Degrees	309	343
Doctoral	2	-
Total Degrees conferred	<u><u>1,026</u></u>	<u><u>974</u></u>

**STATE OF ILLINOIS
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FOR THE YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

SCHEDULE OF TUITION AND FEE WAIVERS - UNDERGRADUATE

(in thousands of dollars)

	Tuition		Fees	
	Number of Waivers	Value of Waivers	Number of Waivers	Value of Waivers
<u>MANDATORY WAIVERS</u>				
(SUBTOTAL)	377	\$ 751.9	316	\$ 116.0
Veterans Grants & Scholarships	271	427.7	271	110.2
Illinois National Guard	10	11.5	10	0.3
Prisoners of War/MIA	19	97.7	19	2.5
General Assembly	17	75.3	8	1.5
ROTC	32	86.5	8	1.5
Children of Employees	21	46.5	-	-
Senior Citizens	6	5.7	-	-
Teacher Special Education	1	1.0	-	-
<u>DISCRETIONARY WAIVERS</u>				
(SUBTOTAL)	252	\$ 789.2	53	\$ 39.0
Faculty/Administrative (Non-civil service)	3	4.6	2	2.0
Civil Service	104	221.3	51	37.0
Academic/Other Talent	15	41.7	-	-
Athletic	66	260.5	-	-
Gender Equity in Intercollegiate Athletics	35	177.6	-	-
Student Need Special Programs	29	83.5	-	-
TOTAL	629	\$ 1,541.1	369	\$ 155.0

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

SCHEDULE OF TUITION AND FEE WAIVERS - GRADUATE

(in thousands of dollars)

	Tuition		Fees	
	Number of Waivers	Value of Waivers	Number of Waivers	Value of Waivers
<u>MANDATORY WAIVERS</u>				
(SUBTOTAL)	16	\$ 52.6	15	\$ 7.8
Veterans Grants & Scholarships	8	22.7	8	6.8
Teacher/Special Education	7	27.1	7	1.0
General Assembly	1	2.8	-	-
Children of Employees	-	-	-	-
Senior Citizens	-	-	-	-
<u>DISCRETIONARY WAIVERS</u>				
(SUBTOTAL)	153	\$ 242.7	103	\$ 59.9
Faculty/Administrative (non-civil service)	55	63.9	45	27.8
Civil Service	42	84.7	48	27.7
Academic/Other Talent	-	-	-	-
Student Need Special Programs	9	22.4	-	-
Cooperating Professionals	25	23.7	10	4.4
Graduate Assistants Teaching Assistants	22	48.0	-	-
TOTAL	169	\$ 295.3	118	\$ 67.7

**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, 2009**

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 (t), is provided in response to that requirement of the "University Guidelines - 1982 (As Amended 1997)". Our audit was made for the purposes described on pages 3 and 39 of our financial audit report and pages 8-10 of our compliance examination report, and would not necessarily disclose all situations which might be at variance with the following statements.

COMPLIANCE FINDINGS

- (a) We identified a violation of University Guidelines for the year ended June 30, 2009 regarding subsidies between accounting entities. See finding 09-13.

INDIRECT COST REIMBURSEMENTS

- (b) Refer to page 60 of this report for the sources and applications of indirect cost reimbursements for the year ended June 30, 2009.
- (c) Refer to page 75 of this report for calculation of allowable indirect cost carryforward and required remittances to the Income Fund.

TUITION CHARGES AND FEES

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

AUXILIARY ENTERPRISES, ACTIVITIES AND ACCOUNTING ENTITIES

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

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

Auxiliary Enterprises:

University Facilities System Revenue Bond Fund:

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

Parking Facilities:

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

Health Services:

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

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UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY GUIDELINES
FOR THE YEAR ENDED JUNE 30, 2009**

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:

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 77-80 of this report for financial statements of each accounting entity.
- (g) Refer to page 76 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, 2009**

- (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 81 of this report.
- (n) The University provided funds (primarily in the form of services) of approximately \$246,549 to the Foundation for the year ended June 30, 2009.
- (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 56 for the Schedule of Cash, Temporary Cash Investments, and Investments as of June 30, 2009.
- (r) Income from the investment of pooled funds is regularly allocated and credited to the original sources of the funds.
- (s) Refer to pages 64 through 66 for student enrollment and cost statistics.
- (t) Neither the University nor the Foundation has purchased any real estate during the year ended June 30, 2009.
- (u) There are no certificates of participation (COPS) or participation in lease or purchase agreements involving COPS for the year ended June 30, 2009.

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2009**

**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	\$ 232,224
Allowable Indirect Cost Carryforward	
Indirect cost reimbursements allocated for expenditure for the fiscal year completed (\$831,728 @ 30%)	249,518
Unallocated Reimbursements	-
Encumbrances and Current Liabilities	<u>48,862</u>
Total Allowable Indirect Cost Carryforward (Sum of Lines 2, 3 and 4)	<u>298,380</u>
AMOUNT TO BE REMITTED TO THE INCOME FUND	<u><u>NONE</u></u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY**

**SCHEDULE OF EXCESS FUNDS CALCULATION BY ENTITY AS REQUIRED BY 1982 UNIVERSITY GUIDELINES (1997 AMENDED)
FOR THE YEAR ENDED JUNE 30, 2009**

	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	\$ 2,700,609	\$ 847,357	\$ (163,700)	\$ 3,384,266	\$ 1,078,741	\$ 2,611,261	\$ (3,281,603)	\$ 834,779	\$ 1,243,178
Total current available funds	A. 2,700,609	847,357	(163,700)	3,384,266	1,078,741	2,611,261	(3,281,603)	834,779	1,243,178
2. Working capital allowance									
Add:									
Highest month's expenditures	1,722,164	200,591	770,731	2,693,486	158,389	2,688,437	1,369,000	53,948	4,269,774
Encumbrances and current liabilities paid in lapse period	(53,701)	19,222	1,471	(33,008)	18,791	625,987	41,545	6,463	692,786
Deferred income / Refundable deposits	35,345	2,498	5,717	43,560	(160)	19,168	4,012	(78)	22,942
Allowance for restoring inventory to normal level	-	-	-	-	-	95,066	-	-	95,066
Allowance for sick leave / vacation payouts	126,785	67,578	27,062	221,425	12,317	9,323	7,871	5,315	34,826
Working capital allowance	B. 1,830,593	289,889	804,981	2,925,463	189,337	3,437,981	1,422,428	65,648	5,115,394
3. Current excess funds:									
Deduct B from A and enter here	C. \$ 870,016	\$ 557,468	\$ (968,681)	458,803	\$ 889,404	\$ (826,720)	\$ (4,704,031)	\$ 769,131	(3,872,216)
4. Calculation of income fund remittance:									
An entity may offset excess capital or current funds within the entity.									
Enter the amount to be offset, if any, here				D.					
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund									

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

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
AS OF JUNE 30, 2009

BALANCE SHEETS - ENTITIES

(With Comparative Totals as of June 30, 2008)

	Auxiliary Enterprises			Activities			Total All Entities (Memorandum Only)		
	University Facilities Revenue Bond Fund	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Continuing Education	2009	2008
CURRENT UNRESTRICTED FUND									
ASSETS:									
Cash and cash equivalents	\$ 2,700,609	\$ 847,357	\$ -	\$ 1,078,741	\$ 2,611,261	\$ -	\$ 834,779	\$ 8,072,747	\$ 6,720,039
Accounts receivable, net	37,589	-	259,218	1,720	255,285	96,458	23,210	673,480	1,483,748
Prepaid expenses	1,500	-	-	970	154,903	1,500	-	158,873	31,607
Other assets	93,825	-	-	-	-	-	-	93,825	93,825
Inventories	-	-	-	-	95,066	-	-	95,066	46,806
TOTAL ASSETS	\$ 2,833,523	\$ 847,357	\$ 259,218	\$ 1,081,431	\$ 3,116,515	\$ 97,958	\$ 857,989	\$ 9,093,991	\$ 8,376,025
CURRENT UNRESTRICTED FUND									
LIABILITIES AND FUND BALANCE:									
Bank overdraft	\$ -	\$ -	\$ 163,700	\$ -	\$ -	\$ 3,281,603	\$ -	\$ 3,445,303	\$ 3,182,837
Accounts payable	-	19,222	1,016	18,630	636,432	40,385	6,385	722,070	809,114
Deposits	-	-	-	-	1,803	-	-	1,803	-
Wages payable	-	-	-	-	-	-	-	-	-
Deferred revenue	5,356	2,498	6,172	-	5,995	4,012	-	24,033	42,165
Accrued compensated absences	126,786	67,578	27,062	12,318	9,323	7,871	5,315	256,253	267,723
Fund balances (deficit), unrestricted	2,701,381	758,059	61,268	1,050,483	2,462,962	(3,235,913)	846,289	4,644,529	4,074,186
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,833,523	\$ 847,357	\$ 259,218	\$ 1,081,431	\$ 3,116,515	\$ 97,958	\$ 857,989	\$ 9,093,991	\$ 8,376,025
PLANT FUNDS ASSETS:									
Cash and cash equivalents	\$ -	\$ 66,203	\$ -	\$ -	\$ 83,160	\$ 54,849	\$ -	\$ 204,212	\$ 4,844,729
Investments	259	-	-	-	-	-	-	259	562
Investment in plant:									
Buildings & Improvements	24,766,645	925,741	-	1,908	-	19,536	274	25,714,104	32,150,062
Furniture and equipment	3,619,506	726,877	-	249,171	304,839	188,979	-	5,089,372	4,152,586
TOTAL ASSETS	\$ 28,386,410	\$ 1,718,821	\$ -	\$ 251,079	\$ 387,999	\$ 263,364	\$ 274	\$ 31,007,947	\$ 41,147,939
PLANT FUNDS LIABILITIES AND FUND BALANCE:									
Accounts payable	\$ 336,547	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,899	\$ 526,446	\$ 1,599,936
Bond payable	19,185,000	-	-	-	-	-	-	19,185,000	20,040,000
Performance contract notes payable	-	-	-	-	-	-	-	-	4,695,869
Premium on bonds	325,618	-	-	-	-	-	-	325,618	348,075
Fund balances(deficit):	8,539,245	1,718,821	-	251,079	387,999	263,364	(189,625)	10,970,883	14,464,059
Net investment in plant	\$ 28,386,410	\$ 1,718,821	\$ -	\$ 251,079	\$ 387,999	\$ 263,364	\$ 274	\$ 31,007,947	\$ 41,147,939

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2009

STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
CURRENT UNRESTRICTED FUNDS

(with comparative totals for the Year Ended June 30, 2008)

	Auxiliary Enterprises			Activities			Total All Entities (Memorandum Only)		
	University Facilities Revenue Bond Fund	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Continuing Education	2009	2008
	REVENUES:								
Operating	\$ 3,012,605	\$ 1,017,952	\$ 58,059	\$ 335,192	\$ 3,680,958	\$ 335,356	\$ 247,138	\$ 8,687,260	\$ 8,839,937
Student fees	2,024,821	-	1,591,496	71,931	2,332,818	1,545,845	-	7,566,911	5,791,038
Other	34,032	-	-	39,165	91,290	3,087	-	167,574	318,783
TOTAL REVENUES	<u>5,071,458</u>	<u>1,017,952</u>	<u>1,649,555</u>	<u>446,288</u>	<u>6,105,066</u>	<u>1,884,288</u>	<u>247,138</u>	<u>16,421,745</u>	<u>14,949,758</u>
EXPENDITURES:									
Cost of sales	-	-	-	-	746,986	-	-	746,986	614,481
Personal services	1,273,759	927,835	339,259	264,281	1,160,106	960,743	140,589	5,066,572	4,765,592
Expended for plant	11,091	2,080	12,207	2,716	725,875	1,919	-	755,888	472,244
Commodities	62,033	11,942	23,193	12,477	257,142	146,512	6,247	519,546	452,640
Contractual services	1,528,789	86,524	1,287,962	136,572	1,599,098	997,222	17,326	5,653,493	4,962,458
Other (travel, telecommunications, excess funds refunds, fund transfers)	237,274	42,971	-	4,267	163,257	511,143	2,502	961,414	1,190,800
TOTAL EXPENDITURES	<u>3,112,946</u>	<u>1,071,352</u>	<u>1,662,621</u>	<u>420,313</u>	<u>4,652,464</u>	<u>2,617,539</u>	<u>166,664</u>	<u>13,703,899</u>	<u>12,458,215</u>
TRANSFERS OUT:									
Principal and interest	1,909,235	-	-	13,040	688,498	(500,000)	36,732	2,147,505	2,382,211
Total Transfers Out	<u>1,909,235</u>	<u>-</u>	<u>-</u>	<u>13,040</u>	<u>688,498</u>	<u>(500,000)</u>	<u>36,732</u>	<u>2,147,505</u>	<u>2,382,211</u>
TOTAL EXPENDITURES AND TRANSFERS OUT	<u>5,022,181</u>	<u>1,071,352</u>	<u>1,662,621</u>	<u>433,353</u>	<u>5,340,962</u>	<u>2,117,539</u>	<u>203,396</u>	<u>15,851,404</u>	<u>14,840,426</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND TRANSFERS OUT	<u>\$ 49,277</u>	<u>\$ (53,400)</u>	<u>\$ (13,066)</u>	<u>\$ 12,935</u>	<u>\$ 764,104</u>	<u>\$ (233,251)</u>	<u>\$ 43,742</u>	<u>\$ 570,341</u>	<u>\$ 109,332</u>

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2009

STATEMENT OF CHANGES IN FUND BALANCES
CURRENT UNRESTRICTED FUNDS

(With Comparative Totals for the Year Ended June 30, 2008)

	Auxiliary Enterprises			Activities			Total All Entities (Memorandum Only)		
	University Facilities Revenue Bond Fund	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Continuing Education	2009	2008
REVENUES	\$ 5,071,458	\$ 1,017,952	\$ 1,649,555	\$ 446,288	\$ 6,105,066	\$ 1,884,288	\$ 247,138	\$ 16,421,745	\$ 14,949,758
EXPENDITURES:									
Educational and general	-	-	1,662,621	420,313	4,652,464	2,617,539	166,664	9,519,601	8,214,824
Auxiliary enterprise	3,112,946	1,071,352	-	-	-	-	-	4,184,298	4,243,391
Total Expenditures	<u>3,112,946</u>	<u>1,071,352</u>	<u>1,662,621</u>	<u>420,313</u>	<u>4,652,464</u>	<u>2,617,539</u>	<u>166,664</u>	<u>13,703,899</u>	<u>12,458,215</u>
TRANSFERS:									
Principal and interest	(1,909,235)	-	-	(13,040)	(688,498)	500,000	(36,732)	(2,147,505)	(2,382,211)
Total Transfers Out	<u>(1,909,235)</u>	<u>-</u>	<u>-</u>	<u>(13,040)</u>	<u>(688,498)</u>	<u>500,000</u>	<u>(36,732)</u>	<u>(2,147,505)</u>	<u>(2,382,211)</u>
Net Increase (Decrease) in Fund Balance	49,277	(53,400)	(13,066)	12,935	764,104	(233,251)	43,742	570,341	109,332
Fund Balance (Deficit), Beginning of Year	<u>2,652,103</u>	<u>811,459</u>	<u>74,333</u>	<u>1,037,548</u>	<u>1,698,858</u>	<u>(3,002,662)</u>	<u>802,547</u>	<u>4,074,186</u>	<u>3,964,854</u>
FUND BALANCE (DEFICIT) END OF YEAR	<u>\$ 2,701,380</u>	<u>\$ 758,059</u>	<u>\$ 61,267</u>	<u>\$ 1,050,483</u>	<u>\$ 2,462,962</u>	<u>\$ (3,235,913)</u>	<u>\$ 846,289</u>	<u>\$ 4,644,527</u>	<u>\$ 4,074,186</u>

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR THE AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2009

STATEMENT OF CHANGES IN FUND BALANCES
PLANT FUNDS

(With Comparative totals for the Year Ended June 30, 2008)

	Auxiliary Enterprises		Activities				Total All Entities (Memorandum Only)	
	University Facilities Revenue Bond Fund	Parking Facilities	Public Services	Activities Services	Student Activities	Continuing Education	2009	2008
REVENUES AND OTHER ADDITIONS:								
Interest Income	\$ 407	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 407	\$ 9,186
Expended for plant	211,897	-	-	-	-	-	211,897	344,906
Retirement of debt	855,000	-	-	-	-	-	855,000	820,000
Total Revenues and Other Additions	<u>1,067,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,067,304</u>	<u>1,174,092</u>
EXPENDITURES AND OTHER DEDUCTIONS:								
Principal and interest on Debt	1,824,782	-	-	4,695,869	-	-	6,520,651	1,906,765
Property disposals	-	-	-	-	-	-	-	-
Contractual and other deductions	-	26,647	-	660,687	-	-	687,334	-
Total Expenditures and Other Deductions	<u>1,824,782</u>	<u>26,647</u>	<u>-</u>	<u>5,356,556</u>	<u>-</u>	<u>-</u>	<u>7,207,985</u>	<u>1,906,765</u>
TRANSFERS IN:								
Principal and interest	1,909,235	-	-	738,270	-	-	2,647,505	2,641,774
Bond Reserves	-	-	-	-	-	-	-	-
Total Transfers In (Out)	<u>1,909,235</u>	<u>-</u>	<u>-</u>	<u>738,270</u>	<u>-</u>	<u>-</u>	<u>2,647,505</u>	<u>2,641,774</u>
Net Increase (Decrease) in Fund Balance	1,151,757	(26,647)	-	(4,618,286)	-	-	(3,493,176)	1,909,101
Fund Balance (Deficit), Beginning of Year	<u>7,387,488</u>	<u>1,745,468</u>	<u>251,079</u>	<u>5,006,285</u>	<u>263,364</u>	<u>(189,625)</u>	<u>14,464,059</u>	<u>12,554,958</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 8,539,245</u>	<u>\$ 1,718,821</u>	<u>\$ 251,079</u>	<u>\$ 387,999</u>	<u>\$ 263,364</u>	<u>\$ (189,625)</u>	<u>\$ 10,970,883</u>	<u>\$ 14,464,059</u>

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
4SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
FOR THE YEAR ENDED JUNE 30, 2009**

SUMMARY OF FOUNDATION CASH SUPPORT TO THE UNIVERSITY

The Chicago State University Foundation (Foundation) is considered a University-related organization under section VI of the University guidelines. Its contractual relationship to the University is described in "related party transactions", Note 9 of the Foundation's financial statements. During the current fiscal year, the University provided administrative support services valued at \$246,549 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	\$ 176,430
Restricted Only as to College or Department	<u>509,905</u>

Total Funds Considered Unrestricted \$ 686,335

Expenditures Considered Restricted for
Purposes of the Guideline Computations:

Given for Scholarships	\$ 213,632
Total Funds Considered Restricted	<u>\$ 213,632</u>

**TOTAL FUNDS PROVIDED BY THE FOUNDATION
TO SUPPORT THE UNIVERSITY \$ 899,967**