



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

CHICAGO STATE UNIVERSITY

Financial Audit

For the Year Ended: June 30, 2013

Release Date: '38.'4236

Summary of Findings:

Total this audit:	1
Total last audit:	3
Repeated from last audit:	1

SYNOPSIS

- The University did not properly account for vested sick time absences of employees and did not properly calculate the accrued leave liability of the University.

{Financial data is summarized on the reverse page.}

CHICAGO STATE UNIVERSITY
FINANCIAL AUDIT
For the Year Ended June 30, 2013

FINANCIAL OPERATIONS	2013	2012*
Operating Revenues		
Student tuition and fees, net.....	\$ 39,645,373	\$ 40,432,815
Federal grants and contracts.....	7,730,251	8,170,333
State and local grants and contracts.....	3,246,445	3,143,671
Nongovernmental grants and contracts.....	19,542	24,871
Auxiliary enterprises.....	3,789,357	3,656,912
Other operating revenues.....	1,749,899	2,989,417
Total Operating Revenues.....	<u>56,180,867</u>	<u>58,418,019</u>
Operating Expenses		
Instruction.....	40,335,163	39,586,917
Research.....	2,212,150	2,427,037
Public service.....	4,384,350	4,350,061
Academic support.....	8,012,891	8,038,332
Student services.....	9,510,257	7,618,595
Institutional support.....	14,241,184	12,531,508
Operations and maintenance of plant.....	13,495,342	12,736,439
Depreciation.....	6,050,828	5,826,126
Scholarship and fellowship.....	10,764,807	10,934,880
Auxiliary enterprises.....	5,377,386	4,603,736
On behalf State fringe benefits.....	40,982,998	31,002,371
Total Operating Expenses.....	<u>155,367,356</u>	<u>139,656,002</u>
Operating (Loss).....	<u>(99,186,489)</u>	<u>(81,237,983)</u>
Nonoperating Revenues (Expenses)		
State appropriations.....	37,019,788	39,491,674
State fringe benefits.....	40,982,998	31,002,371
Federal nonoperating grants.....	13,676,159	17,768,711
Investment income.....	34,011	26,307
Interest on capital assets - related debt.....	(803,023)	(851,294)
Other, net.....	2,393,477	3,116,201
Increase (Decrease) in Net Position.....	<u>(5,883,079)</u>	<u>9,315,987</u>
Net position, beginning of year.....	158,054,030	148,738,043
Net position, end of year.....	<u>\$ 152,170,951</u>	<u>\$ 158,054,030</u>

STATEMENT OF NET POSITION	2013	2012
Cash and Cash Equivalents.....	\$ 16,290,920	\$ 23,612,953
Balance in State Appropriation and Accounts Receivable.....	22,386,152	22,886,518
Capital Assets, net.....	149,978,828	148,046,447
Other Assets.....	1,585,170	1,582,730
Total Assets.....	<u>190,241,070</u>	<u>196,128,648</u>
Current Liabilities.....	18,623,741	17,664,324
Bonds Payable.....	14,300,000	15,370,000
Other Noncurrent Liabilities.....	5,146,378	5,040,294
Total Liabilities.....	<u>38,070,119</u>	<u>38,074,618</u>
Net Position.....	<u>\$ 152,170,951</u>	<u>\$ 158,054,030</u>

*Certain reclassifications have been made to the 2012 amounts to conform to the current year presentation.

PRESIDENT

During Audit Period and Current: Dr. Wayne Watson

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INACCURATE ACCOUNTING OF ACCRUED
COMPENSATED ABSENCES**

Inaccurate accounting

The University did not properly account for vested sick time absences of employees and did not properly calculate the accrued leave liability of the University.

We compared 100% of the employees' accrued sick leave days/hours as of June 30, 2013 to June 30, 2012 in order to ensure that there were not any increases in accrued vested sick days/hours for any employees.

We noted 6 employees in which the accrued sick leave days/hours payable at June 30, 2012 was zero but a balance was present at June 30, 2013. The University had inadvertently left these employees' vested time off of the 2012 listing.

**Omissions resulted in a \$128,253
misstatement**

These omissions of vested sick time at June 30, 2012 understated the accrued leave liability for the year ending June 30, 2012 and overstated the fiscal year 2013 expenses by approximately \$128,253. An adjusting entry was proposed to correct this misstatement.

We also tested a sample of 19 employees to determine if the University was properly accounting for leave time earned and used. The University maintains manual records to track employee leave days/hours. We noted two employees in our sample that had accrued leave time that was not correctly accounted for. Once brought to the University's attention, the employee records were corrected. (Finding 1, pages 48-49) **This finding was first reported in 2011.**

We recommended that the University improve its system for accumulating and calculating compensated absences to ensure records and reporting are accurate.

University agrees with auditors

University officials agreed with the recommendation and stated that the University has conducted training that covers data gathering and input processes. In addition, the University has initiated efforts to transition to an automated system. (For the previous University response, see Digest Footnote #1.)

AUDITORS' OPINION

Our auditors state the University's financial statements as of June 30, 2013 and for the year then ended, are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General²

WGH:TLK

SPECIAL ASSISTANT AUDITORS

Borschnack, Pelletier & Co. were our special assistant auditors.

DIGEST FOOTNOTES

#1 – Inaccurate Accounting of Accrued Compensated Absences – Previous University Response

The current manual process has been improved for the calculation and accumulation of compensated absences. In addition, the University will have an accounting firm to provide additional oversight and review until implementation of an automated process. The automated process is scheduled to be in effect July 1, 2013. The University accepts the recommendation.