

**STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY**

**COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and
Applicable Federal Regulations)
FOR THE YEAR ENDED JUNE 30, 2019**

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 Applicable Federal Regulations)
For the Year Ended June 30, 2019**

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Financial Statement Report

The University’s financial statement report for the year ended June 30, 2019, which includes the Independent Auditor’s Report, Management’s Discussion and Analysis, Basic Financial Statements and Notes to the Basic Financial Statements, Required Supplementary Information, 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 Financial Statements Performed in Accordance with *Government Auditing Standards* has been issued separately.

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**State of Illinois
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University Officials

President	Ms. Zaldwaynaka Scott, Esq.
Chief of Staff	Mr. Kim Tran (03/01/20 - Present)
Chief of Staff and External Affairs	Mr. Ryan Green (07/02/18 - 02/29/20)
Interim Provost and V.P. for Academic Affairs	Dr. Leslie Roundtree (07/27/18 - Present)
Provost and Senior V.P. for Academic Affairs	Dr. Angela M. Henderson (Through 07/26/18)
V.P., General Counsel and Chief Compliance Officer of Labor & Legal Affairs	Ms. Stephanie Kelly, Esq. (11/16/18 - Present)
Acting General Counsel and V.P. of Legal Affairs	Ms. Stephanie Kelly, Esq. (Through 11/15/18)
Acting CFO & V.P. of Financial Operations	Mr. Larry D. Owens, CPA (02/01/20 - Present)
Interim CFO & V.P. of Financial Operations	Ms. Ginger Ostro (05/16/19 - 01/31/20)
CFO & V.P. of Financial Operations, Diversity, Equity and Inclusion	Ms. Simone A. Edwards (Through 05/15/19)
Interim Executive Director/Controller	Mr. Larry D. Owens, CPA
Chief Internal Auditor	Ms. Natalie Covello (09/09/19 - Present)
Acting Chief Internal Auditor	Ms. Michelle Wilson, MBA (08/01/18 - 09/08/19)
Chief Internal Auditor	Mr. Michael N. Mayo, CPA (Through 07/31/18)

University offices are located at:

9501 South Martin Luther King Drive
Chicago, Illinois 60628

March 9, 2020

E. C. Ortiz & Co., LLP
815 W. Van Buren Street, Suite 500
Chicago, Illinois 60607

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Chicago State University (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 University's compliance with the following assertions during the year ended June 30, 2019. Based on this evaluation, we assert that during the year ended June 30, 2019, the University has materially complied with the assertions below, except as identified in the Schedule of Findings and Questioned Costs.

- A. The 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. The 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. The 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 the 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 the 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.

Yours truly,

Chicago State University

SIGNED ORIGINAL ON FILE

Zaldwaynaka Scott, Esq.
President

SIGNED ORIGINAL ON FILE

Larry D. Owens, CPA
Interim Executive Director/
Controller, Acting CFO and V.P.
of Financial Operations

SIGNED ORIGINAL ON FILE

Stephanie Kelly, Esq.
V.P., General Counsel and Chief
Compliance Officer of Labor &
Legal Affairs

**State of Illinois
Chicago State University
Compliance Examination
For the Year Ended June 30, 2019**

Compliance Report

Summary

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

Accountant's Report

The Independent Accountant's 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

Number of	Current Report	Prior Report
Findings	10	9
Repeated findings	6	7
Prior recommendations implemented or not repeated	3	11

Schedule of Findings and Questioned Costs

Item No.	Page	Last Reported	Description	Finding Type
FINDING (<i>GOVERNMENT AUDITING STANDARDS</i>)				
2019-001	17	New	Inadequate Control over Financial Reporting	Significant Deficiency
FINDINGS (<i>FEDERAL COMPLIANCE</i>)				
2019-002	20	New	Noncompliance with Institutional Eligibility Requirements	Noncompliance and Significant Deficiency
2019-003	22	New	Untimely Reporting to National Student Loan Data Systems	Noncompliance and Significant Deficiency
2019-004	24	New	Lack of Adherence to Controls and Noncompliance with Requirements Applicable to the Center for STEM Education and Research	Noncompliance and Significant Deficiency

**State of Illinois
Chicago State University
Compliance Examination
For the Year Ended June 30, 2019**

Schedule of Findings and Questioned Costs (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (FEDERAL COMPLIANCE) (CONTINUED)				
2019-005	26	2018	Lack of Adherence to Controls and Noncompliance with Requirements Applicable to the TRIO Cluster	Noncompliance and Significant Deficiency
FINDINGS (STATE COMPLIANCE)				
2019-006	28	2018	Inadequate Controls over Contractual Service Expenditures	Noncompliance and Significant Deficiency
2019-007	31	2018	Subsidies Between Accounting Entities	Noncompliance and Significant Deficiency
2019-008	34	2018	Internal Audit	Noncompliance and Significant Deficiency
2019-009	37	2018	Completion and Retention of Employment Eligibility Verification Form	Noncompliance and Significant Deficiency
2019-010	39	2018	Weaknesses over System Access	Noncompliance and Significant Deficiency

In addition, the following finding which is reported as a current finding and questioned cost relating to *Government Auditing Standards* also meets the reporting requirements for State Compliance.

2019-001	17	New	Inadequate Control over Financial Reporting	Noncompliance and Significant Deficiency
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PRIOR FINDINGS NOT REPEATED

A	41		Inadequate Control over Unclaimed Property	
B	41		Lack of Adherence to Controls and Noncompliance with Requirements Applicable to the Research and Development Cluster and Partnerships to STEP-UP in Health Careers Program	
C	41		Failure to Comply with the State Employment Records Act	

**State of Illinois
Chicago State University
Compliance Examination
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Exit Conference

The University waived the exit conferences in correspondences from Deidre Cato-Baker, Director of Judicial Affairs/Compliance on December 6, 2019 and March 4, 2020. The response to the *Government Auditing Standards* finding and recommendation was provided by Deidre Cato-Baker, Director of Judicial Affairs, in a correspondence dated December 10, 2019. The responses to the Federal and State Compliance findings and recommendations were provided by Deidre Cato-Baker, Director of Judicial Affairs/Compliance, in correspondences dated March 4, 2020, March 5, 2020, and March 9, 2020.



**Independent Accountant's Report on State Compliance,
on Internal Control Over Compliance, and on
Supplementary Information for State Compliance Purposes**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Chicago State University

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Chicago State University (University) with the specified 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, 2019. Management of the University is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the University's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The 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. The 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. The 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 the 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 the 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.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the University complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the University complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the University's compliance with the specified requirements.

In our opinion, the University complied with the specified requirements during the year ended June 30, 2019, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-006 through 2019-010.

The University's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the University's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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, noncompliance with the specified requirements 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 material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our examination, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-006 through 2019-010 that we consider 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.

The University's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

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 and the discretely presented component unit of the University as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated December 23, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 23, 2019. The accompanying supplementary information for the year ended June 30, 2019, in Schedules 1 through 8 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the University. Such information is the responsibility of University management and was derived from and relates directly to the underlying accounting and other records used to

prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2019, in Schedules 1 through 8 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2019, in Schedules 1 through 8 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the University's basic financial statements as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated December 21, 2018, which contained unmodified opinions on the respective financial statements of the business-type activities and the discretely presented component unit. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 3 through 7 is the responsibility of University management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2018 financial statements. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 3 through 7 has been subjected to the auditing procedures applied in the audit of the June 30, 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2018 in Schedules 3 through 7 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Chicago, Illinois

March 9, 2020, except for our report on the Supplementary Information for State Compliance Purposes, as to which the date is December 23, 2019.



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's 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 Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Chicago State University

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the 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, the financial statements of the business-type activities and the discretely presented component unit of the Chicago State University (University), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 23, 2019. Our report includes a reference to other auditors who audited the financial statements of the 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 (internal control) or compliance and other matters that are reported on separately by those auditors.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from 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 is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the University's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2019-001 that we consider to be a significant deficiency.

University's Response to the Finding

The University's response to the finding identified in our audit is described in the accompanying Schedule of Findings. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chicago, Illinois
December 23, 2019



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and, Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Chicago State University

Report on Compliance for Each Major Federal Program

As Special Assistant Auditors for the Auditor General, we have audited compliance by the Chicago State University (University) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2019. The University's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-002 through 2019-005. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance

with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-002 through 2019-005, that we consider to be significant deficiencies.

The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the discretely presented component unit of the University as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated December 23, 2019 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Chicago, Illinois

March 9, 2020, except for our report on the Schedule of Expenditures of Federal Awards, as to which the date is December 23, 2019.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Summary of Auditor's Results

Financial Statements

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes ✓ No
- Significant deficiency(ies) identified? ✓ Yes None Reported

Noncompliance material to financial statements noted? Yes ✓ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes ✓ No
- Significant deficiency(ies) identified? ✓ Yes None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ✓ Yes No

Identification of major federal programs:

CFDA Numbers	Name of Federal Program or Cluster
Various 84.382	Student Financial Assistance Cluster Strengthening Minority-Serving Institutions

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes ✓ No

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Finding - *Government Auditing Standards*

2019-001 - Inadequate Control over Financial Reporting

The Chicago State University (University) did not exercise adequate internal control over its financial reporting.

During our audit, we noted the following:

- The University incorrectly recorded funds received for a local grant (Program), totaling \$1,506,646, as operating revenues and operating expenses, resulting in an overstatement of each account by \$1,506,646. Also, a portion of the Program's cash balance as of June 30, 2019, totaling \$76,801, was recorded as unearned revenue instead of deposits held in custody for others, resulting in an understatement of accounts payable and accrued liabilities by \$76,801 and an overstatement of unearned revenue by the same amount. Per review of the agreement with the grantor and discussion with University personnel, the University was designated as the Program's fiscal agent and the University merely transmits Program funds to recipients identified by the grantor without having administrative or direct financial involvement in the Program. The errors had no effect on the University's net position as of June 30, 2019; however, University management corrected these errors in the University's final financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, Paragraph 5, states governmental entities often receive grants and other financial assistance to transfer to or spend on behalf of a secondary recipient, referred to as pass-through grants. As a general rule, cash pass-through grants should be recognized as revenue and expenditures or expenses in a governmental, proprietary, or trust fund. However, in those infrequent cases in which a recipient government serves only as a cash conduit, the grant should be reported in an agency fund. A recipient government serves only as a cash conduit if it merely transmits grantor-supplied moneys without having administrative or direct financial involvement in the program. A recipient government has administrative involvement if, for example, it: (a) monitors secondary recipients for compliance with program-specific requirements; (b) determines eligible secondary recipients or projects, even if using grantor-established criteria; or (c) has the ability to exercise discretion in how the funds are allocated. A recipient government has direct financial involvement if, for example, it finances some direct program costs because of a grantor-imposed matching requirement or is liable for disallowed costs.

State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Current Finding - *Government Auditing Standards* (Continued)

2019-001 - Inadequate Control over Financial Reporting (Continued)

- The University incorrectly recorded its computer equipment leases totaling \$1,053,011 as capital leases instead of operating leases when unit prices of these equipment items were less than the University's capitalization threshold of \$5,000. As a result, net capital assets and capital leases payable were overstated by \$1,053,011 and \$943,739, respectively, and the University's net position was overstated by \$109,272 as of June 30, 2019. University management corrected this error in the University's final financial statements.

The University's policies and procedures require all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year to be capitalized and recorded as capital asset.

- The University improperly classified various transactions of State, federal and local funds receivable with credit balances totaling \$204,690 against accounts receivable, and various transactions of State, federal and local funds payable with debit balances totaling \$295,826 against accounts payable and accrued liabilities. The misclassifications had no effect on the University's net position as of June 30, 2019; however, University management corrected this error in the University's final financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Paragraph 501, requires assets and liabilities should not be offset in the statement of net position except where a right of offset exists.

- The University improperly classified nongovernmental grants and contracts revenue totaling \$92,420 as federal grants and contracts revenue. The misclassification had no effect on the University's net position as of June 30, 2019; however, University management corrected this error in the University's final financial statements.

Generally accepted accounting principles (GAAP) require proper recording of underlying transactions.

Further, 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 to provide assurance that revenues, expenditures, and transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit the

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Finding - *Government Auditing Standards* (Continued)

2019-001 - Inadequate Control over Financial Reporting (Continued)

preparation of accounts and reliable financial reports. The University's system of internal control should include procedures that revenues and expenses are properly recorded and presented in the financial statements.

University management stated they were of the opinion that they were properly reporting the Program grant, as it had been consistently reported in this manner since its inception in fiscal year 2016. Also, resource constraints and oversights were primarily the factors for the improper classification and recording of account balances, nongovernmental grants, and lease transactions.

Failure to accurately record financial transactions results in misstatements to the University's financial statements. (Finding Code No. 2019-001)

Recommendation

We recommend the University strengthen its controls over financial reporting to allow for the accurate preparation of its financial statements in accordance with GAAP.

University Response

The University agrees with the recommendation. The University's Grant Administration and Accounting departments are working in concert to review and update the classification coding of all grants, to ensure that they are aligned to the proper financial reporting category. Maintaining proper alignment will ensure that the financial statements are prepared in accordance with GAAP.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - Federal Compliance

2019-002 - Noncompliance with Institutional Eligibility Requirements

Federal Agency:	Department of Education
Program Name:	Student Financial Assistance Cluster
CFDA Numbers:	84.007, 84.033, 84.038, 84.063, 84.268, 84.379
Program Expenditures:	\$40,162,894
Award Numbers:	P007A181121, P033A181121, P063P181351, P268K191351, P379T191351
Questioned Costs:	None

The Chicago State University (University) did not timely report changes in University management to the Secretary of the U.S. Department of Education (Secretary).

During our testing, we noted two of two (100%) changes in University management were not reported timely to the Secretary. Specifically, the changes were reported three and 80 days late.

The Code of Federal Regulations (Code) (34 C.F.R. §600.21 (a)) requires the University to report, within 10 days of occurrence to the Secretary, any change in a person's ability to affect substantially the actions of the institution if that person did not previously have this ability. The Secretary considers a person to have this ability if the person is a general partner, the chief executive officer, or chief financial officer of the institution.

Further, the Code (2 C.F.R. §200.303 (a)) requires the University establish and maintain effective internal control over federal awards to provide reasonable assurance the University is managing its federal awards in compliance with federal statutes, regulations, and the terms and conditions of a specific grant.

University management stated a change in personnel responsible for submitting the updates to the Secretary led to the untimely reporting.

Failure to timely report changes in University management to the Secretary represents noncompliance with the Code and could impact the University's institutional eligibility under the Higher Education Act of 1965. (Finding Code No. 2019-002)

Recommendation

We recommend the University adopt procedures to ensure changes in its management are timely reported to the Secretary.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - Federal Compliance (Continued)

2019-002 - Noncompliance with Institutional Eligibility Requirements (Continued)

University Response

The University agrees with the recommendation. The University has established procedures and a protocol to ensure all management changes are timely communicated to required agencies.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - Federal Compliance (Continued)

2019-003 - Untimely Reporting to National Student Loan Data Systems

Federal Department:	Department of Education
CFDA Number*:	84.268
Program Name*:	Student Financial Assistance Cluster (Federal Direct Student Loans)
Program Expenditures*:	\$31,838,268
Award Number*:	P268K191351
Questioned Cost:	None

* Only includes the CFDA Number, Program Name, Program Expenditures, and Award Number where exceptions were noted.

The Chicago State University (University) did not timely report changes in student enrollment within 60 days to the National Student Loan Data Systems (NSLDS).

During our testing of the University's compliance with reporting requirements to NSLDS, we noted the University did not report the change in enrollment status for one of 25 students sampled (the sample was not intended to be, and was not, a statistically valid sample). Specifically, we noted the change was reported 17 days late.

The Code of Federal Regulations (Code) (34 C.F.R. §685.309 (b)(2)) states unless it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that a loan under Title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended.

The Code (2 C.F.R. §200.303 (a)) also requires the University establish and maintain effective internal control over the federal award to provide reasonable assurance the University is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure changes in enrollment status of required students are reported in a timely manner.

University management stated the University was unaware that the student's September withdrawal caused the student to have a complete withdrawal from all registered classes.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - Federal Compliance (Continued)

2019-003 - Untimely Reporting to National Student Loan Data Systems (Continued)

If the NSLDS system is not updated with the student information, over-awards could occur should the student transfer to another institution and the student may not properly enter the repayment period. (Finding Code No. 2019-003)

Recommendation

We recommend the University adopt procedures to ensure changes in student enrollment are timely reported to NSLDS.

University Response

The University agrees with the recommendation. Chicago State University has adopted procedures to ensure changes in student enrollment are timely reported to NSLDS.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - Federal Compliance (Continued)

**2019-004 - Lack of Adherence to Controls and Noncompliance with Requirements
Applicable to the Center for STEM Education and Research**

Federal Department:	Department of Education
CFDA Number:	84.382
Program Name:	Strengthening Minority-Serving Institutions
Program Expenditures:	\$534,235
Award Number:	P382A150041-18
Questioned Cost:	Known \$49,118 (projected \$154,054 calculated as follows: \$49,118 (errors noted in samples)/\$170,333 (sample size) X \$534,235 (total expenditures))

The Chicago State University's (University) internal controls over the compliance requirement of allowable costs and cost principles applicable to its Center for STEM Education and Research (CSER) program were not followed.

During our testing of 25 CSER program expenditures (the sample was not intended to be, and was not, a statistically valid sample) totaling \$170,333, we noted three expenditures (totaling \$49,118) charged to the CSER grant were for a conference that was improperly promoted as a U.S. Department of Education (Department) conference. Specifically, the seal of the Department was used on conference materials and signage without the Department's approval.

Enclosure 3 of the Department's Grant Award Notification (Memorandum to ED Grantees Regarding the Use of Grant Funds for Conferences and Meetings) states, "A meeting or conference hosted by a grantee and charged to a Department grant must not be promoted as a U.S. Department of Education conference. This means that the seal of the U.S. Department of Education must not be used on conference materials or signage without the Department approval."

The Code of Federal Regulations (2 C.F.R. §200.303 (a)) requires the University establish and maintain effective internal control over the federal award to provide reasonable assurance the University is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure grant funds are used in accordance with terms and conditions of the grant.

University management stated these conditions were due to oversight.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - Federal Compliance (Continued)

**2019-004 - Lack of Adherence to Controls and Noncompliance with Requirements
Applicable to the Center for STEM Education and Research (Continued)**

Failure to comply with the terms and conditions of the grant may result in federal expenditures being disallowed and could jeopardize future federal funding. (Finding Code No. 2019-004)

Recommendation

We recommend the University implement controls to ensure compliance with the terms and conditions of the federal grant in regards to the use of the Department seal.

University Response

The University agrees with the recommendation that an internal control should be established to ensure that the Department seal is not used without prior approval. The Office of Grants and Research Administration will discuss with Principal Investigators annually the proper way to acknowledge the Department activities related to Department funded awards, and will review all promotional materials and signage for such activities to ensure the Department seal is not used without prior approval in those materials.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - Federal Compliance (Continued)

**2019-005 - Lack of Adherence to Controls and Noncompliance with Requirements
Applicable to the TRIO Cluster**

Federal Department:	Department of Education
CFDA Number*:	84.047
Program Name*:	TRIO Cluster (TRIO_Upward Bound)
Program Expenditures*:	\$953,316
Award Numbers*:	P047A170167-18; P047A170622-18
Questioned Cost:	None

* Only includes the CFDA Number, Program Name, Program Expenditures, and Award Numbers where exceptions were noted.

The Chicago State University's (University) internal controls over the compliance requirement of earmarking applicable to its TRIO Cluster were not followed.

During our review of the University's compliance with federal requirements for the TRIO Cluster, we noted one of 25 (4%) participants tested for the Upward Bound program was classified and reported as an individual with high risk for academic failure; however, the review of the application form did not support this classification. The sample was not intended to be, and was not, a statistically valid sample. The error noted did not affect the University's overall compliance with earmarking requirements during the fiscal year.

The Code of Federal Regulations (Code) (34 C.F.R. §645.6) defines an individual with a high risk for academic failure (regular Upward Bound participant) as an individual who: (1) has not achieved at the proficient level on State assessments in reading or language arts; (2) has not achieved at the proficient level on State assessments in math; (3) has not successfully completed pre-algebra or algebra by the beginning of the tenth grade; or (4) has a grade point average of 2.5 or less (on a 4.0 scale) for the most recent school year for which grade point averages are available.

Further, the Code (2 C.F.R. §200.303 (a)) requires the University establish and maintain effective internal control over the federal award to provide reasonable assurance the University is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure participant eligibility classification is accurate.

University management stated the student was misclassified due to an oversight by program personnel.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - Federal Compliance (Continued)

**2019-005 - Lack of Adherence to Controls and Noncompliance with Requirements
Applicable to the TRIO Cluster (Continued)**

Without effective internal controls, the Upward Bound program could be at risk of accepting a student who is not eligible for the program or incorrectly reporting participant eligibility status. (Finding Code No. 2019-005, 2018-003, 2017-007, 2016-008)

Recommendation

We recommend the University continue to improve its procedures to ensure compliance with the earmarking requirements of the TRIO Cluster program and proper classification of students being served by this program.

University Response

The University agrees with the recommendation. The exception was for a participant who began the program in a previous fiscal year before the enhanced internal controls were in place for new participants. The University will continue its annual expanded oversight processes for eligibility classification of new participants in this program.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - State Compliance

2019-006 - Inadequate Controls over Contractual Service Expenditures

The Chicago State University (University) did not have adequate controls over its contractual service expenditures.

During our review of 23 contracts (totaling \$3,421,995), including purchase orders, executed during the fiscal year ended June 30, 2019, we noted the following:

- Two contracts (totaling \$1,041,827) were not approved in accordance with the University's policies and procedures. One of two contracts (totaling \$149,058) was not approved by the University's Chief Executive Officer and the other contract (totaling \$892,769) was not approved by the University's Board of Trustees.
- One contract (totaling \$156,383) was not procured through a competitive sealed bid process and was not posted to the Illinois Procurement Bulletin.
- One contract's renewal (totaling \$149,058) was not published in the Illinois Procurement Bulletin.
- Four contracts' (totaling \$1,059,275) procurement files were not properly maintained. Specifically,
 - a) three contracts (totaling \$934,275) were missing a copy of submitted bids and proposals,
 - b) one contract (totaling \$34,275) did not have all completed scoresheets of individual evaluators, and
 - c) one contract (totaling \$125,000) was missing a copy of scoresheet for pricing evaluation.

As such, we were unable to determine the University's full compliance with the Illinois Procurement Code.

- Three contracts (totaling \$1,101,109) were executed subsequent to the start date of the contracts. The contract execution dates ranged from one to 164 days from the commencement of services.
- Eight contracts (totaling \$1,183,598) were not submitted to the Office of the State Comptroller (Comptroller), as required. Specifically, these contracts were filed between four and 72 days late.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - State Compliance (Continued)

2019-006 - Inadequate Controls over Contractual Service Expenditures (Continued)

- Two contracts (totaling \$161,790) did not contain disclosure of financial interest statements. One of the two contracts was submitted 173 days late and the other contract did not have the disclosure of financial interest statement.
- Five contracts (totaling \$253,350) were not supported by three required price quotes from vendors on the University's bidders list.
- One contract (totaling \$87,000) was not awarded to the vendor with the lowest quote and justification for the vendor selection was not documented. As such, we were unable to verify the reasonableness of the vendor selection.

The Illinois Procurement Code (Code) (30 ILCS 500 et seq.) and Statewide Accounting Management System (Procedure 15.20 et seq. and 15.10.40) require contracts to contain certain signatures and disclosures, and also require State agencies to file contracts and purchase orders exceeding \$20,000 with the Office of the State Comptroller within 30 calendar days after execution. The Code also requires procurement file to be maintained for all contracts, regardless of the method of procurement. The procurement file shall contain the basis on which the award is made, all submitted bids and proposals, all evaluation materials, score sheets and all other documentation related to or prepared in conjunction with evaluation, negotiation, and the award process. Moreover, except as otherwise provided by the Code, all State contracts shall be awarded by competitive sealed bids; notice of each and every contract that is offered, awarded and renewed, including renegotiated contracts and change orders, shall be published in the Illinois Procurement Bulletin; and contractors shall not be paid for any supplies that were received or services that were rendered before the contract was reduced to writing and signed by all necessary parties.

The University's policies and procedures require the requesting departments to obtain three price quotations from vendors on the University's bidders list for purchases of \$10,001 and up. Barring differences in quality or delivery time, the vendor with the lowest quotation will be awarded the contract or purchase order. In addition, purchases totaling \$25,000 or more must be approved by the University's President or designee, and purchases totaling \$250,000 or more shall require approval from the Board of Trustees.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to maintain a system, or systems of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently and effectively and in compliance with applicable law. This would include procedures to ensure procurement files are complete and

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - State Compliance (Continued)

2019-006 - Inadequate Controls over Contractual Service Expenditures (Continued)

accurate, and contracts contain all necessary disclosures, and are properly approved and fully executed prior to performance.

University management stated the Purchasing Department was understaffed, having only one staff during the fiscal year.

Failure to fully execute a contract prior to the commencement of services leaves the University vulnerable to unnecessary liabilities and potential legal issues. In addition, failure to include all appropriate signatures and disclosures in contracts, failure to ensure contracts are procured through competitive bids or supported by three price quotes, failure to file contracts with the Comptroller's Office on a timely basis, and failure to maintain contract procurement files result in noncompliance with University policies and procedures, and State statutes and regulations. (Finding Code No. 2019-006, 2018-004, 2017-010, 2016-010)

Recommendation

We recommend the University establish appropriate procedures to ensure that all contracts are completed, approved, and properly executed prior to the commencement of the services, and procurement files include basis for contracts awarded. Further, the University should review procedures to ensure disclosures are obtained prior to execution of contracts, and contracts are procured through competitive bids or supported by three price quotes, posted in the Illinois Procurement Bulletin, and filed with the Comptroller's Office in accordance with the State statutes and related guidelines.

University Response

The University agrees with the recommendation. Currently, one person staffs the University's procurement department. The University will post positions to fill additional spots within the department.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - State Compliance (Continued)

2019-007 - Subsidies Between Accounting Entities

The Chicago State University (University) had subsidies between accounting entities during the current fiscal year.

During our testing of compliance with the *University Guidelines*, we noted the following:

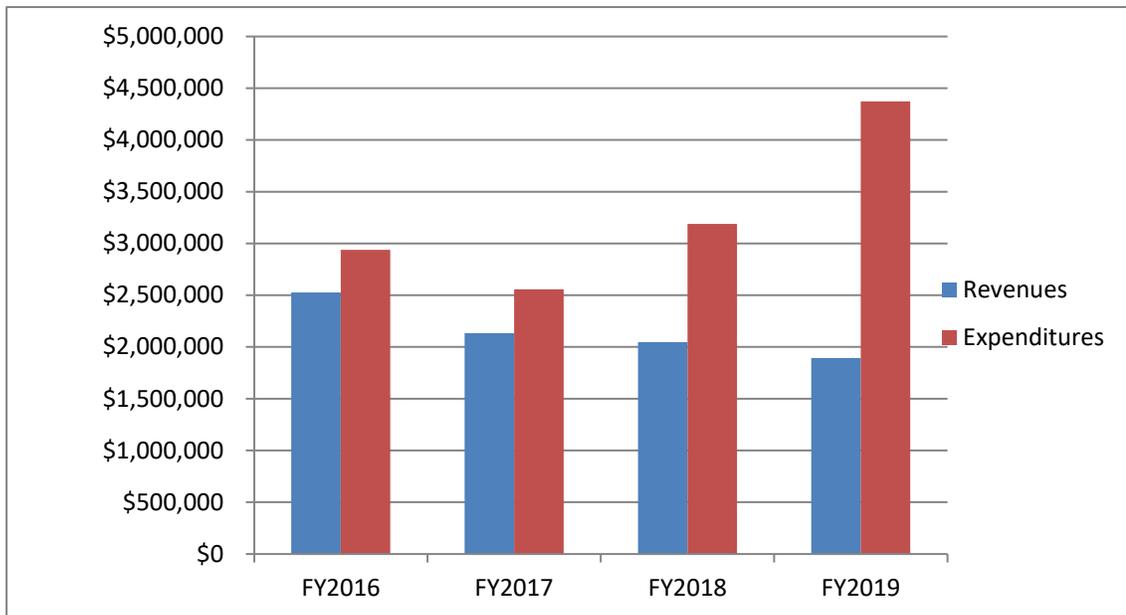
- The “University Facilities System Revenue Bond Fund” (Bond Fund) accounting entity had a negative cash balance at the end of the fiscal year totaling \$0.7 million. This accounting entity operates the Student Union Building and receives revenues from Student Union fees, space rental, user fees, leased bookstore and food service commissions.
- The “Student Activities” accounting entity had negative cash balances at the beginning and the end of the fiscal year totaling \$5.1 million and \$7.6 million, respectively. This issue has been reported in the University’s compliance examination report since Fiscal Year 2009. The “Student Activities” accounting entity includes mandatory student fees and the expenditure of all student activities approved by the student government such as student newspaper and athletic activities. Activity for the last four fiscal years revealed that even with student fees declining due to lower student enrollment, related expenditures continued to outpace revenues increasing the size of the subsidy.

	STUDENT ACTIVITIES ACCOUNTING ENTITY			
	FY2016	FY2017	FY2018	FY2019
REVENUES:				
Operating	\$ 685,040	\$ 774,146	\$ 866,812	\$ 652,349
Student	1,841,146	1,358,518	1,179,181	1,241,131
Total Revenues	<u>2,526,186</u>	<u>2,132,664</u>	<u>2,045,993</u>	<u>1,893,480</u>
EXPENDITURES:				
Personal services	1,035,518	883,719	1,145,192	1,222,999
Contractual services	1,383,920	1,205,598	1,558,465	36,663
Commodities	163,417	240,979	254,543	917,306
Expended for plant	1,065	2,694	25,775	2,027,294
Other (travel, telecommunications)	272,883	224,670	205,612	168,538
Cost of sales	81,142	-	-	-
Total Expenditures	<u>2,937,945</u>	<u>2,557,660</u>	<u>3,189,587</u>	<u>4,372,800</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (411,759)</u>	<u>\$ (424,996)</u>	<u>\$ (1,143,594)</u>	<u>\$ (2,479,320)</u>

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - State Compliance (Continued)

2019-007 - Subsidies Between Accounting Entities (Continued)



A negative cash balance is, in effect, an unrecorded interfund payable/receivable, thereby causing a subsidy between funds to occur.

The *University Guidelines* (Chapter III, Section D, Part 1) state: “there shall be no subsidies between accounting entities. Subsidies include cash advances and interfund payables/receivables outstanding for more than one year.”

University management stated since the majority of revenue used to support the Bond Fund is tied to student enrollment, lower enrollment has negatively impacted the funds available to support the Bond Fund during the fiscal year. Moreover, the University continued to prioritize updating spaces and equipment to support student activities during fiscal year 2019, as they focus on long-term growth in student enrollment. Additionally, the significant resources required to maintain a Division I athletic program, in conjunction with the insufficient revenue streams from those programs, continues to place a heavy burden of support on the University to fund athletics.

The subsidy between accounting entities is a violation of the *University Guidelines*. (Finding Code No. 2019-007, 2018-005, 2017-011, 2016-011, 2015-011, 2014-015, 2013-013, 12-23, 11-32, 10-33, 09-13)

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - State Compliance (Continued)

2019-007 - Subsidies Between Accounting Entities (Continued)

Recommendation

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

University Response

The University agrees with the recommendation. An evaluation of necessary expenditures is being conducted. New protocols are also issued to ensure all expenditures are within the operating budget.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - State Compliance (Continued)

2019-008 - Internal Audit

The Chicago State University (University) failed to fully comply with the Fiscal Control and Internal Auditing Act (Act) and International Standards for the Professional Practice of Internal Auditing (internal auditing standards).

During our review of the University's Office of the Internal Audit (OIA), we noted the following:

- Audits of the University's major system of internal accounting and administrative controls including testing of the obligation, expenditure, receipt and use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations were not completed during fiscal years 2018 and 2019. Specifically, OIA did not audit eight of the University's 11 identified major systems within the two-year cycle. Also, the approval of the OIA's revised two-year audit plan for FY2019 - FY2020 was not documented.

The Act (30 ILCS 10/2003(a)) requires: (1) a two-year plan, identifying audits scheduled for the pending fiscal year, approved by the chief executive officer before the beginning of the fiscal year; (2) audits of major systems of internal accounting and administrative control to be performed at least once every two years and must include testing of the obligation, expenditure, receipt and use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations; and (3) testing of grants received or made by the designated State agency to determine that grants are monitored, administered, and accounted for in accordance with applicable laws and regulations. In addition, good internal controls should include procedures to ensure proper documentation of review and approval of revisions to the audit plan.

- OIA did not undergo a peer review since the last external assessment issued on June 21, 2011, nor perform internal assessments as of June 30, 2019.

The internal auditing standards (Sections No. 1310 to 1312) state the quality assurance and improvement program must include both internal and external assessments. Internal assessments must include ongoing monitoring of the performance of the internal audit activity, and periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices, while external assessments must be conducted at least once

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - State Compliance (Continued)

2019-008 - Internal Audit (Continued)

every five years by a qualified, independent assessor or assessment team from outside the organization.

- The design, implementation, and effectiveness of the University's ethics-related objectives, programs, and activities were not evaluated, as required.

The internal auditing standards (Section 2110.A1) state the internal audit activity must evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities.

- There is no evidence that the internal audit charter has been approved by the University's Board of Trustees (Board).

The internal auditing standards (Section 1000) state the purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter and the chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

University management stated there was no permanent Chief Internal Auditor in place for most of the fiscal year to ensure that all requirements were met. In addition, the audits that were completed include coverage for the obligation, expenditure, receipt and use of public funds without further consideration into other categories recommended by the Comptroller's Office.

The lack of timely internal audits over all major systems, failure to undergo external and internal assessments, and failure to evaluate the design, implementation, and effectiveness of the University's ethics-related objectives, programs, and activities inhibit the University in monitoring the effectiveness of its system of internal controls and result in noncompliance with the Act and internal auditing standards. Failure to have external and internal assessments may result in deficiencies in the University's OIA not being timely detected and opportunities for improvement not timely identified. Further, failure to maintain documentation of the approval of the internal audit plan and charter reduces its legitimacy which defines the internal audit activity's purpose, authority, and responsibility. (Finding Code No. 2019-008, 2018-006, 2017-014, 2016-014, 2015-014)

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - State Compliance (Continued)

2019-008 - Internal Audit (Continued)

Recommendation

We recommend the University implement controls to ensure completion of audits of major systems of internal accounting and administrative control at least once every two years and documentation of approval of internal audit plans and charter. We also recommend the University promptly arrange an external assessment of its internal audit activity and evaluate the design, implementation and effectiveness of the University's ethics-related objectives, programs, and activities to comply with the internal auditing standards.

University Response

The University agrees with the recommendation. As of September 2019, a permanent Chief Internal Auditor has been hired, and documented approval has been obtained for an internal audit plan which gives consideration to the recommended categories. An evaluation of the design, implementation, and effectiveness of the University's ethics program is currently underway, and the peer review was completed in November 2019. Additionally, the Internal Audit Charter is expected to be presented to the Board in March 2020.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - State Compliance (Continued)

2019-009 - Completion and Retention of Employment Eligibility Verification Form

The Chicago State University (University) did not ensure completion and retention of the Employment Eligibility Verification (I-9) forms.

During our review of 40 employees' (current and terminated during the year) personnel records, we noted I-9 forms for three (8%) employees were not found in their personnel files. One of the three employees was terminated during the fiscal year.

The United States Citizenship and Immigration Services (USCIS) instructions for I-9 require employers to retain each employee's completed I-9 for as long as the individual works for the employer and for a specified period after employment has ended. Once an individual's employment ends, the employer must retain the I-9 forms for either three years after the date of hire or one year after the date employment ended, whichever is later.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law and that funds are safeguarded against waste, loss, unauthorized use and misappropriation. Effective internal controls should include procedures to ensure the I-9 forms are completed and retained by the University, as required.

University management stated the University consistently processes I-9 forms at the start of employment. However, the errors reported were oversights that occurred a few years ago, where the file was not properly reviewed before filing it away.

Failure to complete and retain I-9 forms within the required timeframe is a violation of USCIS requirements and could expose the University to penalties. (Finding Code No. 2019-009, 2018-008)

Recommendation

We recommend the University enhance their controls over new employee verification to ensure timely completion and proper retention of I-9 forms.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - State Compliance (Continued)

**2019-009 - Completion and Retention of Employment Eligibility Verification Form
(Continued)**

University Response

The University agrees with the recommendation. The Office of Human Resource will enhance its controls over new employee verification for timely completion and proper retention of the records.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - State Compliance (Continued)

2019-010 - Weaknesses over System Access

The Chicago State University (University) does not have adequate controls over computer system access.

The University utilizes the Enterprise Application Software (EAS) to maintain its administrative systems. EAS integrates student, financial, human resources, and financial aid information.

During our testing of EAS' access management, we noted the following weaknesses:

- User access rights were not periodically reviewed, and
- Access to confidential information was not based on job responsibilities.

The University has procedures to periodically review user access rights to ensure they are compatible with job responsibilities; however, they were not operating in an effective manner.

These procedures rely on each user department to assess and certify all current access rights are correct. The Information Technology Department (ITD) sends a user access report to the user department's supervisor or director with each of their employee's access rights for verification and updates on a quarterly basis. During Fiscal Year 2019, ITD did not send access reports for three quarters.

In addition, we noted 171 of 302 (57%) EAS users had the ability to search for social security numbers within the systems and match them to University IDs, names, and birthdates.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently and effectively and in compliance with applicable law.

Generally accepted information systems technology guidance endorses the development of computer security policies that adequately addresses the current technological environment and well-designed and well-managed controls to protect computer systems and confidential data.

University management stated the review process is a new procedure implemented last fiscal year by the previous Chief Information Officer (CIO). A single review was conducted, and the process lapsed during the transition period after the CIO departed. Additionally, role-based access has not been fully developed within EAS.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Current Findings - State Compliance (Continued)

2019-010 - Weaknesses over System Access (Continued)

Inadequate controls over system access increases the risk of unauthorized access and the risk that confidentiality, integrity, and availability of systems and data will be compromised. (Finding Code No. 2019-010, 2018-009, 2017-018)

Recommendation

We recommend the University ensure access rights are periodically reviewed and if necessary, appropriately adjusted based upon job responsibilities. Additionally, only users with job requirements should have the ability to search for social security numbers within the systems and match them to University IDs, names, and birthdates.

University Response

The University agrees with the recommendation. The University will continue to perform quarterly access audits. Further, the University IT Department will audit the EAS to verify/validate role-based authentication and access rights. The goal of this audit is to identify areas where role-based access is not applied effectively and determine a plan to mitigate the issue.

**State of Illinois
Chicago State University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Prior Findings Not Repeated

A. Inadequate Control over Unclaimed Property

During the prior year, the Chicago State University (University) did not exercise adequate internal control over its checks written to others that had not been cashed by the recipients of those checks (stale checks). (Finding Code No. 2018-001, 2017-004)

During the current year, the University strengthened its internal controls over stale checks to ensure compliance with the Uniform Disposition of Unclaimed Property Act and accounting principles generally accepted in the United States of America.

B. Lack of Adherence to Controls and Noncompliance with Requirements Applicable to the Research and Development Cluster and Partnerships to STEP-UP in Health Careers Program

During the prior year, the University's internal controls over the compliance requirements of allowable costs and cost principles, period of performance, and procurement, suspension and debarment applicable to its Research and Development (R&D) Cluster and Partnerships to STEP-UP in Health Careers (STEP-UP) programs were not followed. (Finding Code No. 2018-002, 2017-006, 2016-005, 2015-004)

During the current year, our testing did not identify any instances of noncompliance with allowable costs and cost principles, period of performance, and procurement, suspension and debarment applicable to the University's R&D Cluster and STEP-UP programs.

C. Failure to Comply with the State Employment Records Act

During the prior year, the University did not maintain adequate supporting documentation for the data included in the Agency Workforce Report (Report). (Finding Code No. 2018-007)

During the current year, no exceptions were noted during our review of the University's Report.

**State of Illinois
Chicago State University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

SCHEDULE 1

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Entity Identifying Number	FY 2019 Expenditures	Passed-Through to Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER:				
<u>DEPARTMENT OF EDUCATION</u>				
Federal Supplemental Educational Opportunity Grants	(M) 84.007		\$ 285,586	\$ -
Federal Work-Study Program	(M) 84.033		534,894	-
Federal Perkins Loan Program (Note 2)	(M) 84.038		1,576,133	-
Federal Pell Grant Program	(M) 84.063		5,909,333	-
Federal Direct Student Loans (Note 3)	(M) 84.268		31,838,268	-
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	(M) 84.379		18,680	-
TOTAL DEPARTMENT OF EDUCATION			\$ 40,162,894	\$ -
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			\$ 40,162,894	\$ -
RESEARCH AND DEVELOPMENT CLUSTER:				
<u>DEPARTMENT OF COMMERCE</u>				
Science, Technology, Business and/or Education Outreach <i>FY 2018 Summer Undergraduate Research Fellowship in ChemBio</i>	11.620		\$ 3,322	\$ -
TOTAL DEPARTMENT OF COMMERCE			\$ 3,322	\$ -
<u>DEPARTMENT OF DEFENSE</u>				
Centers for Academic Excellence <i>Intelligence and Cybersecurity Education and Research</i>	12.598		\$ 359,275	\$ -
TOTAL DEPARTMENT OF DEFENSE			\$ 359,275	\$ -
<u>NATIONAL SCIENCE FOUNDATION</u>				
Mathematics and Physical Sciences				
<i>RUI: Studies of Relativistic Heavy Ions Collisions in ALICE at the LHC</i>	47.049		\$ 68,026	\$ -
<i>RUI: Heavy Ion Physics in ALICE at the LHC</i>	47.049		55,592	-
<i>MRI Consortium: Development of Fast Interaction Trigger Detector for the ALICE Experiment at the LHC</i>	47.049		106,250	-
			229,868	-
Computer and Information Science and Engineering				
Passed-Through New Jersey Institute of Technology <i>NeST: Coexistence of Directional Communications within the 5G Networks: The Case for Visible Light Enhanced Small-Cells</i>	47.070	1617924	9,341	-

**State of Illinois
Chicago State University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

**SCHEDULE 1
(Continued)**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Entity Identifying Number	FY 2019 Expenditures	Passed-Through to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER: (Continued)				
<u>NATIONAL SCIENCE FOUNDATION (Continued)</u>				
Education and Human Resources				
<i>Support, Mentoring, Accountability, Research and Training: Connecting Physics & Engineering through A Modernization of the Advanced Laboratory Curriculum</i>				
	47.076		121,313	-
<i>Scaling Undergraduates STEM Transformation and Institutional Networks for Engaged Dissemination (SUSTAINED)</i>				
	47.076		38,375	-
<i>Scholarships in Science, Technology, Engineering & Math Programs</i>				
	47.076		111,724	-
<i>Louis Stokes Alliance for Minority Participation</i>				
	47.076		392,758	217,650
<i>Pilot Regional Louis Stokes Center: Midwest Center of Excellence</i>				
	47.076		164,256	98,677
			828,426	316,327
TOTAL NATIONAL SCIENCE FOUNDATION			\$ 1,067,635	\$ 316,327
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Biomedical Research and Research Training				
<i>Student Development at Chicago State University</i>				
	93.859		\$ 48,588	\$ -
<i>Improving DFT Modeling of EPR Data for Small Molecule Organic Photovoltaics</i>				
	93.859		71,923	-
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 120,511	\$ -
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			\$ 1,550,743	\$ 316,327
CHILD NUTRITION CLUSTER:				
<u>DEPARTMENT OF AGRICULTURE</u>				
Summer Food Service Program for Children				
Passed-Through Illinois State Board of Education				
<i>Project Fame/Upward Bound Summer Food Program</i>				
	10.559	15016315P00	\$ 1,836	\$ -
TOTAL DEPARTMENT OF AGRICULTURE			\$ 1,836	\$ -
TOTAL CHILD NUTRITION CLUSTER			\$ 1,836	\$ -
TRIO CLUSTER:				
<u>DEPARTMENT OF EDUCATION</u>				
TRIO_Upward Bound				
<i>Project Fame/Upward Bound</i>				
	84.047		\$ 953,316	\$ -
TRIO_Educational Opportunity Centers				
	84.066		372,050	-
TOTAL DEPARTMENT OF EDUCATION			\$ 1,325,366	\$ -
TOTAL TRIO CLUSTER			\$ 1,325,366	\$ -

**State of Illinois
Chicago State University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

**SCHEDULE 1
(Continued)**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Entity Identifying Number	FY 2019 Expenditures	Passed-Through to Subrecipients
OTHER PROGRAMS:				
<u>DEPARTMENT OF AGRICULTURE</u>				
Higher Education - Institution Challenge Grants Program Passed-Through University of Minnesota <i>Collaborating to Enhance Underrepresented Minority Student Participation in Plant Science</i>	10.217	H004972102	\$ 25,282	\$ -
Agriculture and Food Research Initiative (AFRI) <i>DOA: Molecular and Histological Characterization of Hollow and Solid Stem Genotypes of Wheat</i>	10.310	60604	9,373	-
TOTAL DEPARTMENT OF AGRICULTURE			\$ 34,655	\$ -
<u>DEPARTMENT OF DEFENSE</u>				
GenCyber Grants Program <i>Chicago State University GenCyber Grant</i>	12.903		\$ 60,061	\$ -
TOTAL DEPARTMENT OF DEFENSE			\$ 60,061	\$ -
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>				
Education Passed-Through University of Illinois at Urbana-Champaign <i>Space Grant Consortium</i>	43.008	NNX154A105H	\$ 86,775	\$ -
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			\$ 86,775	\$ -
<u>NATIONAL SCIENCE FOUNDATION</u>				
Intergovernmental Personnel Act (IPA) Assignment	47.PHY1714756		\$ 16,073	\$ -
Intergovernmental Personnel Act (IPA) Assignment	47.HRD1740448		182,998	-
Education and Human Resources Passed-Through Moraine Valley Community College <i>SFS Capacity: A Streamlined Cyber-Security and Intelligence Pathway</i>	47.076	06812093-5309004	84,430	-
TOTAL NATIONAL SCIENCE FOUNDATION			\$ 283,501	\$ -
<u>DEPARTMENT OF EDUCATION</u>				
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities <i>Promoting Effective Educational Relationships in Schools (PEERS)</i>	84.325		\$ 242,379	-
Strengthening Minority-Serving Institutions <i>The Center for STEM Education & Research at CSU</i>	(M) 84.382		534,235	53,801
Graduate Research Opportunities for Minority Students (Minorities and Retirement Security Program)	84.414		45,655	-
TOTAL DEPARTMENT OF EDUCATION			\$ 822,269	\$ 53,801

**State of Illinois
Chicago State University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

**SCHEDULE 1
(Continued)**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Entity Identifying Number	FY 2019 Expenditures	Passed-Through to Subrecipients
OTHER PROGRAMS: (Continued)				
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Affordable Care Act (ACA) Health Profession Opportunity Grants <i>Partnerships to STEP-UP in Health Careers</i>	93.093		\$ 2,169,662	\$ 1,387,015
Passed-Through ABT Associates Inc. <i>National & Tribal Evolution on the 2nd Generation of the Health Profession Opportunity Grants</i>	93.093	HHSP2332010052 C	9,672	-
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 2,179,334	\$ 1,387,015
TOTAL OTHER PROGRAMS			\$ 3,466,595	\$ 1,440,816
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 46,507,434	\$ 1,757,143

(M) - Program was audited as a major program.

State of Illinois
Chicago State University
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity for the year ended June 30, 2019, and is presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The University has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2 - LOANS OUTSTANDING AT FISCAL YEAR END

The University Perkins Loan Program’s outstanding loan balance as of June 30, 2019 totaled \$1,445,570, for programs that are administered directly. There were no administrative costs charged to the Perkins Loan Program.

NOTE 3 - TOTAL NEW FEDERAL STUDENT LOANS

During the year ended June 30, 2019, the University awarded the following amounts of new loans under the Federal Direct Student Loans Program:

Direct Unsubsidized Loans	\$	21,655,803
Direct Subsidized Loans		4,736,478
Direct Parent PLUS Loans		721,467
Direct Graduate PLUS Loans		4,724,520
Total	\$	31,838,268

There were no administrative costs charged to the loan program.

NOTE 4 - NONMONETARY ASSISTANCE

During the period, the University did not have any nonmonetary assistance.

NOTE 5 - INSURANCE DISCLOSURE

During the period, there are no federally-funded insurance in effect.

SCHEDULE 2

**State of Illinois
Chicago State University
Schedule of Net Appropriations, Expenditures and Lapsed Balances
Appropriations for Fiscal Year 2019
For the Sixteen Months Ended October 31, 2019**

	Appropriations (Net of Transfers)	Expenditures Through June 30, 2019	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed October 31
Public Act No. 100-0586					
<u>APPROPRIATED FUNDS</u>					
EDUCATION ASSISTANCE FUND (007)					
Operational expenses	\$ 33,351,300	\$ 32,405,504	\$ 945,796	\$ 33,351,300	\$ -
GENERAL PROFESSIONS DEDICATED FUND (022)					
Lump sums and other purposes	307,000	198,130	108,870	307,000	-
CHICAGO STATE UNIVERSITY IMPROVEMENT FUND (223)					
Lump sums and other purposes	1,600,000	1,102,318	497,682	1,600,000	-
GRAND TOTAL - ALL FUNDS	\$ 35,258,300	\$ 33,705,952	\$ 1,552,348	\$ 35,258,300	\$ -

Note 1: Appropriations, expenditures, and lapsed balances were prepared by the University and have been reconciled to the State Comptroller records as of October 31, 2019.

Note 2: Expenditure amounts are vouchers approved and paid by the University and submitted to the State Comptroller for reimbursement of payments made to vendors.

State of Illinois
Chicago State University
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
For the Years Ended June 30, 2019 and 2018

SCHEDULE 3

	Fiscal Year	
	2019	2018
	P.A. 100-0586	P.A. 100-0021
<u>APPROPRIATED FUNDS</u>		
EDUCATION ASSISTANCE FUND (007)		
Expenditure Authority/Appropriations (net of transfers)	\$ 33,351,300	\$ 32,697,400
Expenditures		
Operational expenses	33,351,300	-
Personal services	-	31,264,700
Group insurance	-	900,900
Grant to Financial Assistance Outreach Center	-	367,515
Awards and grants	-	91,900
Total expenditures	<u>33,351,300</u>	<u>32,625,015</u>
Lapsed balances	<u>\$ -</u>	<u>\$ 72,385</u>
GENERAL PROFESSIONS DEDICATED FUND (022)		
Expenditure Authority/Appropriations (net of transfers)	\$ 307,000	\$ 307,000
Expenditures		
Development, Support or Admin	<u>307,000</u>	<u>307,000</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
CHICAGO ST UNIV ED IMPROVEMENT FUND (223)		
Expenditure Authority/Appropriations (net of transfers)	\$ 1,600,000	\$ 1,600,000
Expenditures		
Any expenses incurred	<u>1,600,000</u>	<u>1,600,000</u>
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>
GRAND TOTAL, ALL FUNDS		
Expenditure Authority/Appropriations (net of transfers)	\$ 35,258,300	\$ 34,604,400
Expenditures	<u>35,258,300</u>	<u>34,532,015</u>
Lapsed balances	<u>\$ -</u>	<u>\$ 72,385</u>

Note 1: Appropriations, expenditures, and lapsed balances were prepared by the University and have been reconciled to the State Comptroller records as of October 31, 2019 and October 31, 2018.

Note 2: Expenditure amounts are vouchers approved and paid by the University and submitted to the State Comptroller for reimbursement of payments made to vendors.

Note 3: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the University to pay for all costs incurred prior to July 1, 2018, using either the fiscal year 2017 or fiscal year 2018 appropriations for non-payroll expenditures.

State of Illinois

SCHEDULE 4

Chicago State University

Comparative Schedule of Income Fund Revenues and Expenditures

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
INCOME FUND		
REVENUES		
Tuition revenue	\$ 26,129,819	\$ 27,230,345
Laboratory fee	105,088	119,765
Late registration fee	23,550	22,750
NSF check fee	194,682	335
Deferred payment fee	-	29,950
Graduation fee - undergraduate	17,350	21,025
Graduation fee - graduate	12,200	13,950
Transcript fee	83,495	79,629
Application fee	47,068	65,668
Interest income	484,073	344,022
Miscellaneous other income	1,249,833	82,489
	<u>1,249,833</u>	<u>82,489</u>
Total revenues	<u>\$ 28,347,158</u>	<u>\$ 28,009,928</u>
EXPENDITURES		
Personal services	\$ 9,306,581	\$ 9,452,200
SURS retirement	12,398	92
Social Security	1,665,107	2,782,521
Contractual services	11,153,353	10,071,220
Travel	207,974	182,136
Commodities	982,965	884,609
Equipment and library books	1,366,267	995,550
Telecommunications	495,841	475,046
Operation of automotive equipment	35,991	45,642
Permanent improvements	471,941	1,763,662
Awards, grants, and matching funds	2,272	179,843
Tuition and fee waivers	3,226,868	2,803,762
Other expenditures	158,363	242,413
	<u>158,363</u>	<u>242,413</u>
Total expenditures	<u>\$ 29,085,921</u>	<u>\$ 29,878,696</u>

SCHEDULE 5

**State of Illinois
Chicago State University
Schedule of Changes in State Property
For the Year Ended June 30, 2019
(in thousands)**

	Balance June 30, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Land	\$ 9,611	-	-	-	\$ 9,611
Works of art	41	-	-	-	41
Site improvements	17,497	54	-	-	17,551
Buildings and building improvements	201,045	489	-	261	201,795
Equipment and library books	47,146	854	(12,525)	-	35,475
Intangible assets	1,490	-	-	-	1,490
Construction in progress	12,393	-	-	798	13,191
Total	\$ 289,223	\$ 1,397	\$ (12,525)	\$ 1,059	\$ 279,154

Notes:

- (a) This Schedule has been prepared by the University and has been reconciled to property reports submitted to the Office of the State Comptroller (Comptroller).
- (b) This summary schedule was prepared using State property records required by the Illinois Administrative Code (Code). The capitalization policy in the Code is different than the capitalization policy established by the Comptroller for financial reporting in accordance with generally accepted accounting principles.

State of Illinois
Chicago State University
Schedule of Cash Receipts (Treasury Held Fund) and
Reconciliation of Cash Receipts to Deposits Remitted
to the State Comptroller
For the Years Ended June 30, 2019 and 2018

SCHEDULE 6

	<u>2019</u>	<u>2018</u>
Chicago St Univ Ed Improvement Fund 223		
Cash transfer from State Gaming Fund 129	\$ 1,600,000	\$ 1,601,260
Interest deposited directly into the State Treasury	31,625	19,885
	<u>\$ 1,631,625</u>	<u>\$ 1,621,145</u>
Total receipts		
Receipts per University records	\$ 1,631,625	\$ 1,621,145
Plus deposits in transit, beginning of year	-	-
Less deposits in transit, end of year	<u>-</u>	<u>-</u>
Deposits per State Comptroller	<u>\$ 1,631,625</u>	<u>\$ 1,621,145</u>

State of Illinois
Chicago State University
Comparative Schedule of Cash, Temporary Cash Investments,
and Investments - at Market Value
For the Years Ended June 30, 2019 and 2018

SCHEDULE 7

	<u>2019</u>	<u>2018</u>
By Depository		
Cash and temporary cash investments:		
Cash on hand	\$ 33,772	\$ 43,136
Cash equity with the State Treasurer	557,482	642,309
Amalgamated Bank, Chicago, Illinois	199	-
Seaway Bank, Chicago, Illinois, Illinois Funds	-	254
Citibank, Chicago, Illinois, Money Market Account	6,466,946	9,426,761
Checking accounts:		
Citibank, Chicago, Illinois, Vendor Disbursement Account	1,096,722	239,500
Citibank, Chicago, Illinois, Student Disbursement Account	324,517	223,735
Citibank, Chicago, Illinois, Various ACH	177,672	291,332
Citibank, Chicago, Illinois, OnPlanU Account	107,956	288,722
Chase, Chicago, Illinois, Payroll Account	570,171	771,808
The Illinois Funds, Springfield, Illinois, Clearing Fund	19,619,772	20,309,436
Seaway, a Division of Self-Help FCU, Chicago, Illinois, Checking	897,298	723,935
Seaway, a Division of Self-Help FCU, Chicago, Illinois, Cashier's Depository	787,983	1,148,265
Total cash and cash equivalents by depository	<u>\$ 30,640,490</u>	<u>\$ 34,109,193</u>
By Fund		
Unrestricted current funds	\$ 27,204,758	\$ 30,641,578
Restricted current funds	2,890,432	3,048,149
Loan funds	341,787	223,614
Plant funds	20,652	25,836
Agency funds	182,861	170,016
Total cash and cash equivalents by fund	<u>\$ 30,640,490</u>	<u>\$ 34,109,193</u>

State of Illinois**SCHEDULE 8****Chicago State University****Schedule of Federal Expenditures, Nonfederal Expenses and New Loans****For the Year Ended June 30, 2019****(in thousands)****Schedule A - Federal Financial Component**

Total federal expenditures reported on SEFA schedule	\$	46,507	
Total new loans made not included on SEFA schedule		-	*
Amount of federal loan balances at beginning of the year (not included on the SEFA schedule and continued compliance is required)		-	*
Other noncash federal award expenditures (not included on SEFA schedule)		-	*
Total Schedule A	\$	<u>46,507</u>	

Schedule B - Total Financial Component

Total operating expenses (from financial statements)	\$	109,377
Total nonoperating expenses (from financial statements)		609
Total new loans made		31,838
Amount of federal loan balances at beginning of the year		<u>1,576</u>
Total Schedule B	\$	<u>143,400</u>

Schedule C

Total Schedule A	\$	46,507	32.4%
Total nonfederal expenses		<u>96,893</u>	<u>67.6%</u>
Total Schedule B	\$	<u>143,400</u>	<u>100.0%</u>

* Loan amounts are included on SEFA schedule.

Note: These schedules are used to determine the University's single audit costs in accordance with the Uniform Guidance.

**State of Illinois
Chicago State University
Analysis of Operations (Unaudited)
For the Year Ended June 30, 2019**

University Functions and Planning Program (Unaudited)

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. The seven board members have six-year appointments. The student is elected for a one-year term.

The 2012 Chicago State University Strategic Plan, *Fulfilling Our Mission Through ACCESS* contains the strategic plan and the context for planning. The goals, objectives, the mission statement, and the University vision are incorporated into this document. Originally, the plan was intended to guide the University only until 2015; however, the Board approved several resolutions extending the plan to December 31, 2019 to allow the new President to review and make decisions about next steps. In addition to the strategic plan, the University utilizes an annual planning process called Planning, Measurement and Effectiveness (PME) to implement and monitor the effectiveness of the strategic plan. Every unit in the University is involved in this planning and monitoring process.

Chicago State University - Mission

Chicago State University is a public, comprehensive university that provides access to higher education for students of diverse backgrounds and educational needs. The University fosters the intellectual development and success of its student population through a rigorous, positive, and transformative education experience. The University is committed to teaching, research, service, and community development including social justice, leadership and entrepreneurship.

The University works towards these six strategic goals as they seek to fulfill their mission:

- Academic Excellence, Teaching and Research
- Community Service and Engagement
- Cost Efficiencies and Diverse Revenue Streams
- Enrollment, Retention, and Graduation
- Strengthened Infrastructure
- Shared Accountability and Image

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2019

University Functions and Planning Program (Unaudited) (Continued)

Chicago State University Vision Statement

Chicago State University will be recognized for innovations in teaching and research, and in promoting ethical leadership, entrepreneurship, and social and environmental justice. The University will embrace, engage, educate, and empower its students and community to transform lives locally and globally.

The core values of the University include:

- Intellectual development
- Creative and innovative thinking and learning
- Dignity and unique talents of all persons
- Responsible choices and actions
- Personal and academic excellence
- Personal, professional and academic integrity
- Diversity
- Leadership, service, philanthropy, social justice, and entrepreneurship
- Pride in self, community and the University
- Lifelong learning

University Head and Location

The current President of the University is Ms. Zalduwaynaka Scott, Esq., whose office is located at:

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

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2019

Analysis of Significant Variations in Revenues and Expenses (Unaudited)

A comparative schedule of significant variations in operating and nonoperating revenues and expenses (at least \$200,000 and 20% of the previous year) for fiscal years ended June 30, 2019 and June 30, 2018 are shown below:

ACCOUNTS	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2019	2018	AMOUNT	%
OPERATING REVENUES:				
State and local grants and contracts	\$ 180,094	\$1,396,486	\$ (1,216,392)	(87%)
Nongovernmental grants and contracts	275,919	11,560	264,359	2,287%
OPERATING EXPENSES:				
Education and general				
Scholarship and fellowship	5,002,400	7,806,382	(2,803,982)	(36%)
NONOPERATING REVENUES:				
State appropriations	35,258,300	58,427,275	(23,168,975)	(40%)
Special funding situation	19,698,040	32,714,239	(13,016,199)	(40%)
On-behalf payments	7,074,000	4,481,000	2,593,000	58%
State nonoperating grants	3,384,041	6,549,484	(3,165,443)	(48%)
Capital appropriations	1,058,656	131,306	927,350	706%

University management provided the following explanations for the significant variations identified above.

State and local grants and contracts

The decrease was due to an adjustment made to properly record monies received from a local grant (see Finding 2019-001 in the accompanying Schedule of Findings and Questioned Costs on pages 17 to 19 of this report).

Nongovernmental grants and contracts

The increase was due to an adjustment made to properly classify monies received from a nongovernmental contract (see Finding 2019-001 in the accompanying Schedule of Findings and Questioned Costs on pages 17 to 19 of this report).

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2019

Analysis of Significant Variations in Revenues and Expenses (Unaudited)
(Continued)

Scholarship and fellowship

The decrease was due to an adjustment made to properly record monies received from a local grant (see Finding 2019-001 in the accompanying Schedule of Findings and Questioned Costs on pages 17 to 19 of this report).

State appropriations

The decrease was due to a lag in State appropriations where the University received \$23.9 million of the fiscal year 2017 and \$34.5 million of the fiscal year 2018 appropriations in fiscal year 2018. In fiscal year 2019, the University received only its current year appropriation.

Special funding situation

The decrease was due to changes in actuarial assumptions in the valuation of the University's other postemployment benefits.

On-behalf payments

The increase was due to increase in health, dental and vision insurance costs during the fiscal year.

State nonoperating grants

The decrease was due to approximately \$3.2 million in Academic Year (AY) 2016-2017 Monetary Award Program (MAP) funding and \$3.4 million in AY 2017-2018 MAP funding received in fiscal year 2018. In Fiscal Year 2019, the University received only its current year funding.

Capital appropriations

The increase is due to additional funding from the State for Capital Development Board's capital projects.

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2019

Analysis of Significant Variations in Account Balances (Unaudited)

A comparative schedule of significant variations in account balances (at least \$200,000 and 20% of the previous year) for fiscal years ended June 30, 2019 and June 30, 2018 are shown below:

ACCOUNTS	FISCAL YEAR ENDED JUNE 30,		INCREASE (DECREASE)	
	2019	2018	AMOUNT	%
ASSETS:				
Securities lending collateral equity of State Treasurer	180,926	502,249	(321,323)	(64%)
Balance in State appropriation	1,245,427	653,719	591,708	91%
Accounts receivables, net - restricted	484,399	3,267	481,132	14,727%
LIABILITIES:				
Obligations under securities lending collateral equity of State Treasurer	180,926	502,249	(321,323)	(64%)
Net OPEB liability	5,172,082	7,135,354	(1,963,272)	(28%)
NET POSITION:				
Restricted for: Expendable Auxiliary services	945,521	512,537	432,984	84%

University management provided the following explanations for the significant variations identified above.

Securities lending collateral equity of State Treasurer

The increase was due to increased allocated balance of equity securities on the State Treasurer's accounts. This balance represents the University's asset for the lending collateral from the State of Illinois for the University's interest in State-held cash.

Balance in State appropriation

The increase in State appropriation resulted in a decrease in the receivable balance due to timing of vouchering.

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2019

Analysis of Significant Variations in Account Balances (Unaudited)
(Continued)

Accounts receivables, net - restricted

The increase was due to timing of collection of related receivable accounts.

Obligations under securities lending collateral equity of State Treasurer

The increase was due to increased allocated balance of equity securities on the State Treasurer's accounts. This balance represents the University's liability for the lending collateral for the State of Illinois against State-held cash.

Net OPEB liability

The decrease was due to changes in actuarial assumptions in the valuation of the University's other postemployment benefits.

Net position, restricted for Auxiliary services

The increase was due to the transfer from the local income fund to auxiliary services amounting to \$1,370,000 to pay-off principal on capital debt due in fiscal year 2019.

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2019

Analysis of Significant Lapse Period Spending (Unaudited)

An explanation was obtained for lapse period expenditures for fiscal year 2019 that accounted for more than 20% and \$200,000 of the total expenditures for the fiscal year.

	<u>Lapse Period Expenditures</u>	<u>Total Expenditures</u>	<u>% of Lapse Expenditures</u>
CHICAGO ST UNIV ED IMPROVEMENT FUND (223)			
Any expenses incurred	\$ 497,682	\$ 1,600,000	31%

Payments for operating expenditures and awards and grants which were paid locally by June 30, 2019 and submitted to the Comptroller's Office in the lapse period for reimbursement.

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
June 30, 2019 and 2018

Analysis of Accounts Receivable (Unaudited)

Balance Sheet at June 30 of	<u>2019</u>	<u>2018</u>	<u>Change</u>
Accounts Receivable (Net)			
Current unrestricted funds	\$ 4,675,933	\$ 5,788,741	\$ (1,112,808)
Current restricted funds	484,399	3,267	481,132
Total accounts receivable (net)	<u>\$ 5,160,332</u>	<u>\$ 5,792,008</u>	<u>\$ (631,676)</u>
Accounts receivable at gross less allowance for uncollectible accounts were as follows:			
Accounts receivable - all funds, at gross	\$ 16,324,038	\$ 17,891,277	\$ (1,567,239)
Less: allowance for uncollectible accounts	<u>(11,163,706)</u>	<u>(12,099,269)</u>	<u>935,563</u>
Total accounts receivable (net)	<u>\$ 5,160,332</u>	<u>\$ 5,792,008</u>	<u>\$ (631,676)</u>
Aging of Current Unrestricted Funds			
Current (less than one year)	4,339,016	\$ 5,953,443	\$ (1,614,427)
One year past due	618,211	631,561	(13,350)
Two years past due	483,491	658,442	(174,951)
Three years past due	565,470	562,903	2,567
Older than three years past due	7,557,004	7,475,114	81,890
Total current unrestricted funds - gross	<u>13,563,192</u>	<u>15,281,463</u>	<u>(1,718,271)</u>
Allowance for uncollectible accounts	<u>(8,887,259)</u>	<u>(9,492,722)</u>	<u>605,463</u>
Balance sheet - current unrestricted funds (net)	<u>\$ 4,675,933</u>	<u>\$ 5,788,741</u>	<u>\$ (1,112,808)</u>

The University processes Student Accounts Receivable through the Bursar Office. Monthly statements are processed for all students. If the balance on the account exceeds \$4.99 and payment is not received by the due date, academic transcripts are not released. Students with past due balances exceeding \$200 are not permitted to register for future terms.

Students who are no longer enrolled and have an account balance continue to receive monthly statements. Accounts with balances less than \$5.00 are not subject to collection efforts due to the cost associated with the collection process. All accounts with balances over \$5.00 are sent three collection notices by the Bursar Office. For those with a balance of \$100 or more, if the account is not paid in full by the due date of the third collection notice, the debt is subject to offset through the State Comptroller's Office, as well as to collection notices, telephone contacts and attorney/collection agency placement.

Certain items in the June 30, 2018 comparative information have been reclassified to conform with the current presentation.

**State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2019**

Schedule of Sources and Applications of Indirect Cost Recoveries (Unaudited)

	<u>2019</u>
SOURCES	
Federal funds	\$ 440,707
State funds	9,203
Local and private funds	<u>2,059</u>
Total sources	<u>451,969</u>
APPLICATIONS	
Compensation and benefits	412,012
Contractual	712
Travel	3,236
Commodities	<u>205</u>
Total applications	<u>416,165</u>
EXCESS OF SOURCES OVER APPLICATIONS	35,804
TRANSFERS	
Transfers to other funds	<u>-</u>
EXCESS OF SOURCES OVER APPLICATIONS AFTER TRANSFERS	35,804
FUND BALANCE, BEGINNING OF YEAR	<u>56,159</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 91,963</u></u>

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2019

Average Number of Employees (Unaudited)

Average number of Chicago State University employees during the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Faculty and staff	703	662
Students	<u>273</u>	<u>166</u>
Total	<u><u>976</u></u>	<u><u>828</u></u>

Comparative Enrollment Statistics (Unaudited)

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

	<u>2019</u>	<u>2018</u>
Head Count:		
Undergraduate	1,790	1,839
Graduate	<u>911</u>	<u>1,005</u>
Total	<u><u>2,701</u></u>	<u><u>2,844</u></u>
Credit Hours:		
Undergraduate	46,452	46,465
Graduate	<u>20,151</u>	<u>23,179</u>
Total	<u><u>66,603</u></u>	<u><u>69,644</u></u>

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2019

Comparative Enrollment Statistics (Unaudited) (Continued)

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

Chicago State University Enrollment Summary 2004-2019

<u>Term</u>	<u>Undergraduates</u>	<u>Graduates</u>	<u>Total</u>
Fall 2004	4,867	1,968	6,835
Fall 2005	5,160	1,971	7,131
Fall 2006	5,167	1,868	7,035
Fall 2007	5,217	1,593	6,810
Fall 2008	5,211	1,609	6,820
Fall 2009	5,398	1,837	7,235
Fall 2010	5,675	1,687	7,362
Fall 2011	5,280	1,602	6,882
Fall 2012	4,618	1,489	6,107
Fall 2013	4,340	1,361	5,701
Fall 2014	3,912	1,299	5,211
Fall 2015	3,461	1,306	4,767
Fall 2016	2,352	1,226	3,578
Fall 2017	2,029	1,072	3,101
Fall 2018	2,027	937	2,964
Fall 2019	2,108	931	3,039

Chicago State University Enrollment Demographics - Fall 2019

<u>Category</u>	<u>Number</u>	<u>Percent</u>
Full-time	1,869	61.5%
Part-time	1,170	38.5%
Male	930	30.6%
Female	2,109	69.4%
Freshman	445	14.7%
Sophomores	366	12.0%
Juniors	534	17.6%
Seniors	763	25.1%
Graduates	931	30.6%

Credit Hour Production - Entire Academic Year

<u>College</u>	<u>Credit Hours</u>
Pharmacy	9,675
Arts & Science	27,901
Business	8,110
Education	7,156
Health Sciences	10,775
Special Programs	2,986
Total	<u>66,603</u>

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2019

Comparative Schedule of Unrestricted Current Funds
Expenditures Per Full-Time Equivalent Students (Unaudited)

	2019		2018	
	Total Costs	Total Semester Cost Per Full-Time Equivalent*	Total Costs	Total Semester Cost Per Full-Time Equivalent*
Direct salary	\$ 12,539,108	\$ 2,625	\$ 12,233,276	\$ 2,439
Indirect instruction	1,826,441	382	1,781,893	355
Departmental research	129,398	27	126,242	25
Departmental overheads	3,311,517	693	3,230,748	644
College or school overheads	4,928,438	1,032	4,808,232	959
Subtotal of department and college costs	22,734,902	4,759	22,180,391	4,422
Overhead support unique to college costs	1,450,651	304	1,415,269	282
All other academic support	6,616,972	1,385	6,455,582	1,287
Student services	3,948,378	827	3,852,076	768
Institutional support	5,141,223	1,076	5,015,827	1,000
Subtotal University overheads	17,157,224	3,592	16,738,754	3,337
Total department and college costs with University overheads	39,892,126	8,351	38,919,145	7,759
Operation and maintenance of physical plant	14,444,537	3,024	14,092,232	2,809
Total costs	\$ 54,336,663	\$ 11,375	\$ 53,011,377	\$ 10,568

NOTE:

* The FTE for undergraduates is calculated by the total number of credit hours generated, divided by 15 and the FTE for graduates is calculated by the total number of credit hours generated, divided by 12.

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2019

Emergency Purchases (Unaudited)

The University awarded two contracts on an emergency basis during the fiscal year, consisting of the following:

- A contract for the rental of a temporary boiler heating system, due to the underground water main break. Immediate action was needed to ensure public health and safety and to prevent further loss or damage to the University property.

Obligation Number:	Emergency Award # 1823PPRENTAL-E
Vendor:	Anchor Mechanical
Estimated Cost:	\$386,046
Actual Cost:	\$692,885

- A contract for the repair of chiller units, which provide air conditioning to campus buildings. Immediate action was needed to ensure public health and safety and to prevent disruption to the University services provided.

Obligation Number:	Emergency Award # 1904PP
Vendor:	The Stone Group
Estimated Cost:	\$92,925
Actual Cost:	\$149,032

Bookstore Information (Unaudited)

The University had an executed contract with a bookstore for the period July 1, 2010 through June 30, 2015, giving the bookstore exclusive rights to sell books on campus. The contract has not been extended, as it is still being negotiated. The contract with the bookstore has the following terms:

1. 9.10% of all gross revenues up to \$3,000,000; and
2. 11.10% of all gross revenues over \$3,000,000 with
3. A minimum guaranteed commission of \$175,000.

The University is operating under the same terms as the old contract until a new contract is signed, excluding the guaranteed minimum payment provision. During fiscal year 2019, the bookstore had gross revenue of \$442,718 and the University earned commission of \$40,287.

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2019

Schedule of Degrees Conferred (Unaudited)

The University conferred degrees during the years ended June 30, 2019 and 2018, as follows:

	<u>2019</u>	<u>2018</u>
Bachelor's degrees	355	446
Post-baccalaureate certificates	-	9
Master's degrees	163	288
Doctoral	9	15
Professional (Pharm D)	<u>80</u>	<u>70</u>
Total degrees conferred	<u><u>607</u></u>	<u><u>828</u></u>

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
For the Year Ended June 30, 2019

Schedule of Tuition and Fee Waivers (Unaudited)

Undergraduate

	Tuition Waived		Fees Waived	
	Number of Recipients *	Value of Waivers (In Thousands)	Number of Recipients *	Value of Waivers (In Thousands)
MANDATORY WAIVERS				
(SUBTOTAL)	125	\$ 517.0	77	\$ 62.0
ROTC	29	128.0	19	6.0
DCFS	5	15.0	3	12.0
Children of Employees	11	28.0	-	-
Senior Citizens	19	54.0	-	-
Illinois Veterans Grant (IVG)**	36	157.0	32	42.0
Illinois National Guard***	18	100.0	16	1.0
Prisoners of War/MIA***	7	35.0	7	1.0
DISCRETIONARY WAIVERS				
(SUBTOTAL)	131	685.0	46.0	40.0
Faculty/Administrative (non-civil service)	1	1.0	1	1.0
Civil Service	45	107.0	45	39.0
Athletic	31	256.0	-	-
Gender Equity in				
Intercollegiate Athletics	27	257.0	-	-
Student Need-Special Programs	27	64.0	-	-
TOTAL	256	\$ 1,202.0	123	\$ 102.0

Graduate

MANDATORY WAIVERS				
(SUBTOTAL)	38	\$ 158.0	27	\$ 27.0
Teacher Special Education	4	15.0	4	6.0
Senior Citizens	6	25.0	-	-
Illinois Veterans Grant (IVG)**	24	102.0	20	21.0
Illinois National Guard**	2	7.0	1	-
Prisoners of War/MIA**	2	9.0	2	-
DISCRETIONARY WAIVERS				
(SUBTOTAL)	63	199.0	59	59.0
Faculty/Administrative (non-civil service)	22	53.0	20	22.0
Civil Service	20	47.0	19	14.0
Teaching Assistants	21	99.0	20	23.0
TOTAL	101	\$ 357.0	86	\$ 86.0

* Unduplicated

** Illinois Veterans Grants (ISAC), Illinois National Guard Grants (ISAC), and POW/MIA Scholarships (Department of Veterans Affairs). Include only the waived (unfunded) portion of these grants.

*** Other waiver categories must be approved by the Board of Higher Education prior to reporting.

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
Special Data Requirements for Audits of Universities (Unaudited)
For the Year Ended June 30, 2019

University Reporting in Accordance with University Guidelines (Unaudited)

In accordance with an Office of the Auditor General, July 25, 2000, memorandum entitled “Matters Regarding University Audits” (Memorandum), certain supplemental data is required to be reported for University audits. The table below cross references the memorandum requirements (indicated by number and letter paragraph references) to the Chicago State University (University) financial statements and audit reports for the year ended June 30, 2019, where such special data is found.

Compliance Findings

- 13(a) A finding of noncompliance with University Guidelines for the year ended June 30, 2019 was noted, see finding 2019-007.

Indirect Cost Reimbursements

- 13(b) A statement of sources and applications of indirect cost recoveries is included in this report on page 62.
- 13(c) The University’s calculation sheet for indirect cost carry-forward is included in this report on page 74.

Tuition, Charges and Fees

- 13(d) There were no diversions of tuition revenues to auxiliary enterprise operations identified during the financial audit and compliance examination of the University for the year ended June 30, 2019.

Auxiliary Enterprises, Activities and Accounting Entities

- 13(e) Identification of each specific accounting entity and description of the sources of revenue and purpose of each are presented on pages 72 through 73.
- 13(f) Entity financial statements are presented on pages 76 through 79 of this report. The entity financial statements should be read in conjunction with University’s audited financial statements for the year ended June 30, 2019.

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
Special Data Requirements for Audits of Universities (Unaudited)
For the Year Ended June 30, 2019

University Reporting in Accordance with University Guidelines (Unaudited) (Continued)

- 13(g) The University's calculations of current excess funds are presented in this report on page 75.
- 13(h) The University Auxiliary Enterprises and activities received support from appropriated State funds via indirect subsidies for group insurance and retirement from CMS and SURS approximately totaling \$1,307,900 and \$335,511, respectively.
- 13(i) A Statement of Revenue, Expenses and Changes in Net Position for the bond indenture required accounts is presented on page 55 of the financial audit report.
- 13(j) Revenue bond fund accounting conforms to the terms of the bond issue, including all covenants thereto.
- 13(k) As of June 30, 2019, the University did not have a noninstructional facilities reserve account.

University Related Organizations

- 13(l) The University recognizes the Chicago State 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)."
- 13(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 80 of this report.
- 13(n) The University provided funds (primarily in the form of services) of approximately \$97,493 to the Foundation for the year ended June 30, 2019.
- 13(o) There were no cumulative unreimbursed subsidies from the University or appropriated funds to the Foundation for the year ended June 30, 2019.
- 13(p) There was no debt financed by the Foundation in fiscal year 2019.

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
Special Data Requirements for Audits of Universities (Unaudited)
For the Year Ended June 30, 2019

University Reporting in Accordance with University Guidelines
(Unaudited) (Continued)

Other Topics

- 13(q) The Comparative Schedule of Cash, Temporary Cash Investments, and Investments - at Market Value is presented in this report on page 52.
- 13(r) Income from investments of pooled funds has been allocated and credited to the original sources of the funds.
- 13(s) A schedule of costs per full-time equivalent student is presented on page 65 of this report.
- 13(t) The University or the Foundation did not purchase any real estate with an acquisition cost in excess of \$250,000 that was not funded by a separate, specific appropriation from the General Assembly.
- 13(u) There were no certificates of participation (COPS) or participation in lease or purchase arrangements involving COPS for the year ended June 30, 2019.

Other Schedules for Universities

- 13(v) The Comparative Schedule of Income Fund Revenues and Expenditures is presented on page 49 of this report.
- 13(w) The Schedule of Tuition and Fee Waivers is presented on page 68 of this report.

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
Special Data Requirements for Audits of Universities (Unaudited)
For the Year Ended June 30, 2019

Description of Auxiliary Facilities, Activities, and Accounting Entities (Unaudited)

To comply with University Guidelines adopted by the State of Illinois Legislative Audit Commission in 1982, the Chicago State University (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, space 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.

Student Health Services

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

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.

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
Special Data Requirements for Audits of Universities (Unaudited)
For the Year Ended June 30, 2019

Description of Auxiliary Facilities, Activities, and Accounting Entities (Unaudited) (Continued)

Revenues and expenditures are offset against each other and reported net in the University's separately issued financial statements. This entity includes the following services with revenues resulting from user charges:

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

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

Providing teaching and instruction aids to students and departments.

Providing telecommunication and mailing services.

Providing and coordinating office machine maintenance service.

Student Activities

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

Continuing Education

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

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
Special Data Requirements for Audits of Universities (Unaudited) (Continued)
For the Year Ended June 30, 2019

Schedule of Indirect Cost Funds to be Deposited into the University
Income Fund as Required by 1982 University Guidelines
(As Amended 1997) (Unaudited)

Calculation Sheet for Indirect Cost Carry-Forward

Current Available Funds	
Cash and cash equivalents	\$ 139,130
	<hr/>
Less: Allowable Indirect Cost Carryforward:	
Allocated Reimbursements - Indirect cost reimbursements allocated for expenditure for the fiscal year completed (\$400,000 @ 30%)	120,000
Unallocated Reimbursements - the lesser of actual unallocated indirect cost reimbursement or 10% of total indirect cost allocations	40,000
Encumbrances and Current Liabilities	559
	<hr/>
Total Allowable Indirect Cost Carryforward	160,559
	<hr/>
Amount to be Remitted to the Income Fund	\$ -
	<hr/> <hr/>

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
Special Data Requirements for Audits of Universities (Unaudited) (Continued)
For the Year Ended June 30, 2019

Schedule of Excess Funds Calculation by Entity as Required by 1982 University Guidelines (As Amended 1997) (Unaudited)

	AUXILIARY ENTERPRISES					ACTIVITIES				
	University Facilities System Revenue Bond Fund	Parking Facilities	Student Health Services	Total Auxiliary Enterprises	Public Services	Activities Services	Student Activities	Continuing Education	Total Activities	
1. Current available funds	\$ (712,142)	\$ 1,292,905	\$ 49,189	\$ 629,952	\$ 1,065,634	\$ 5,250,405	\$ (7,584,615)	\$ 662,919	\$ (605,657)	
Add:										
Cash and cash equivalents										
Total current available funds	A. (712,142)	1,292,905	49,189	629,952	1,065,634	5,250,405	(7,584,615)	662,919	(605,657)	
2. Working capital allowance										
Add:										
Highest month's expenditures	328,943	100,580	104,430	533,953	69,540	377,284	769,094	5,660	1,221,578	
Encumbrances and current liabilities paid in lapse period	970,501	83,178	323,579	1,377,258	63,674	(583,683)	2,533,717	(17,964)	1,995,744	
Deferred income / Refundable deposits	15,646	536	4,254	20,436	-	20,969	23,467	-	44,436	
Allowance for sick leave / vacation payouts	54,503	33,305	70,375	158,183	12,017	45,896	41,484	-	99,397	
Working capital allowance	B. 1,369,593	217,599	502,638	2,089,830	145,231	(139,534)	3,367,762	(12,304)	3,361,155	
3. Current excess funds:										
Deduct B from A and enter here	C. \$ (2,081,735)	\$ 1,075,306	\$ (453,449)	(1,459,878)	\$ 920,403	\$ 5,389,939	\$ (10,952,377)	\$ 675,223	(3,966,812)	
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. \$ (1,752,332)	\$ (191,612)	\$ (7,949)	(1,951,893)	\$ (116)	\$ (211,389)	\$ (5,495)	\$ -	(217,000)	
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund	<u>\$ (3,411,771)</u>								<u>\$ (4,183,812)</u>	

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
Special Data Requirements for Audits of Universities (Unaudited) (Continued)
For the Year Ended June 30, 2019

ENTITIES FINANCIAL STATEMENTS (Unaudited)
BALANCE SHEETS (Unaudited)
(with comparative totals as of June 30, 2018)

	Auxiliary Enterprises							Total All Entities (Memorandum Only)	
	University			Activities					
	Facilities System	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Continuing Education		
CURRENT UNRESTRICTED/RESTRICTED FUND ASSETS:									
Cash and cash equivalents	\$ -	\$ -	\$ 49,189	\$ 1,065,634	\$ 5,250,405	\$ -	\$ 662,919	\$ 7,028,147	\$ 6,813,301
Cash and cash equivalents - restricted	(712,142)	1,292,905	-	-	-	-	-	580,763	2,127,458
Accounts receivable, net	-	-	129,378	6,693	135,539	104,122	-	375,732	238,649
Accounts receivable, net - restricted	472,446	11,953	-	-	-	-	-	484,399	3,267
Prepaid expense	-	-	3,361	-	37,447	2,485	-	43,293	42,447
Prepaid expense - restricted	57,338	-	-	-	-	-	-	57,338	58,354
Inventories	-	-	-	-	13,144	-	-	13,144	15,753
TOTAL ASSETS	(182,358)	1,304,858	181,928	1,072,327	5,436,535	106,607	662,919	8,582,816	9,299,229
CURRENT UNRESTRICTED/RESTRICTED FUND LIABILITIES AND FUND BALANCES:									
Bank overdraft	-	-	-	-	-	7,584,615	-	7,584,615	5,111,646
Accounts payable	55,086	18,102	5,849	1,500	56,990	55,582	5,501	198,610	258,548
Unearned revenue	15,646	536	4,254	-	27,932	20,799	-	69,167	38,575
Accrued compensated absences	54,503	33,305	70,374	12,016	45,896	41,484	-	257,578	248,998
Fund balances, restricted	-	1,252,915	-	-	-	-	-	1,252,915	1,925,815
Fund balances (deficit), unrestricted	(307,593)	-	101,451	1,058,811	5,305,717	(7,595,873)	657,418	(780,069)	1,715,647
TOTAL LIABILITIES AND FUND BALANCES	(182,358)	\$1,304,858	\$181,928	\$1,072,327	\$5,436,535	\$106,607	\$662,919	\$8,582,816	\$9,299,229
PLANT FUNDS ASSETS:									
Cash and cash equivalents	\$ 37,264	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,264	\$ -
Investment in plant:									
Buildings and improvements	26,815,325	605,525	-	-	351,498	116,077	-	27,888,425	\$27,817,084
Furniture and equipment	248,685	324,302	39,747	3,121	5,586,295	118,462	-	6,320,612	8,126,511
TOTAL ASSETS	27,101,274	929,827	39,747	3,121	5,937,793	234,539	-	34,246,301	35,943,595
PLANT FUNDS LIABILITIES AND FUND BALANCES:									
Bank overdraft	-	-	-	-	-	-	-	-	1,370,513
Accounts payable	37,065	-	-	-	-	-	-	37,065	42,765
Bond payable	8,085,000	-	-	-	-	-	-	8,085,000	9,455,000
Premium on bonds	101,054	-	-	-	-	-	-	101,054	123,510
Fund balances:									
Restricted - funded capital reserves	18,878,155	929,827	39,747	3,121	5,937,793	234,539	-	26,023,182	24,951,807
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,101,274	\$ 929,827	\$ 39,747	\$ 3,121	\$ 5,937,793	\$ 234,539	\$ -	\$ 34,246,301	\$ 35,943,595

**State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
Special Data Requirements for Audits of Universities (Unaudited) (Continued)
For the Year Ended June 30, 2019**

**ENTITIES FINANCIAL STATEMENTS (Unaudited)
STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS - CURRENT UNRESTRICTED/RESTRICTED FUNDS (Unaudited)**
(with comparative totals For the Year Ended June 30, 2018)

	Auxiliary Enterprises					Activities			Total All Entities (Memorandum Only)			
	University Facilities System		Student Health Services		Public Services		Activities Services		Student Activities		Continuing Education	
	Revenue Bond Fund	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Continuing Education	2019	2018			
REVENUES:												
Operating	\$ 2,229,795	\$ 517,195	\$ 59,040	\$ 158,693	\$ 735,263	\$ 652,349	\$ 36,153	\$ 4,388,488	\$ 4,248,857			
Student fees	951,577	-	282,451	-	1,749,997	1,237,031	-	4,221,056	4,143,138			
Other	-	-	1,156	11,598	98,514	4,100	-	115,368	115,750			
TOTAL REVENUES	3,181,372	517,195	342,647	170,291	2,583,774	1,893,480	36,153	8,724,912	8,507,745			
EXPENDITURES:												
Cost of sales	5,482	-	-	-	68,557	-	-	74,039	110,255			
Personal services	564,329	445,203	541,100	140,751	928,300	1,222,999	-	3,842,682	3,312,433			
Expended for plant	30,750	1,737	8,693	-	8,515	36,663	-	86,358	104,716			
Commodities	54,101	13,710	53,277	-	56,252	917,306	381	1,095,027	410,797			
Contractual services	1,316,746	66,442	55,149	91,714	656,633	2,027,294	12,307	4,226,285	3,653,686			
Other (travel, telecommunications)	241,101	55,181	2,157	-	217,881	168,538	-	684,858	655,833			
TOTAL EXPENDITURES	2,212,509	582,273	660,376	232,465	1,936,138	4,372,800	12,688	10,009,249	8,247,720			
TRANSFERS OUT:												
Principal and interest	1,884,279	-	-	-	-	-	-	1,884,279	1,844,497			
TOTAL EXPENDITURES AND TRANSFERS OUT	4,096,788	582,273	660,376	232,465	1,936,138	4,372,800	12,688	11,893,528	10,092,217			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND TRANSFERS OUT	\$ (915,416)	\$ (65,078)	\$ (317,729)	\$ (62,174)	\$ 647,636	\$ (2,479,320)	\$ 23,465	\$ (3,168,616)	\$ (1,584,472)			

**State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
Special Data Requirements for Audits of Universities (Unaudited) (Continued)
For the Year Ended June 30, 2019**

**ENTITIES FINANCIAL STATEMENTS (Unaudited)
STATEMENT OF CHANGES IN FUND BALANCES - CURRENT UNRESTRICTED/RESTRICTED FUNDS (Unaudited)**
(with comparative totals For the Year Ended June 30, 2018)

	Auxiliary Enterprises				Activities			Total All Entities (Memorandum Only)	
	University Facilities System Revenue Bond Fund	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Continuing Education	2019	2018
REVENUES	\$ 3,181,372	\$ 517,195	\$ 342,647	\$ 170,291	\$ 2,583,774	\$ 1,893,480	\$ 36,153	\$ 8,724,912	\$ 8,507,745
EXPENDITURES:									
Auxiliary enterprise	2,212,509	582,273	660,376	232,465	1,936,138	4,372,800	12,688	10,009,249	8,247,720
TRANSFERS:									
Transfers out	1,884,279	-	-	-	-	-	-	1,884,279	1,844,497
NET INCREASE (DECREASE) IN FUND BALANCES	(915,416)	(65,078)	(317,729)	(62,174)	647,636	(2,479,320)	23,465	(3,168,616)	(1,584,472)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	607,823	1,317,993	419,180	1,120,985	4,658,081	(5,116,553)	633,953	3,641,462	5,225,934
FUND BALANCES (DEFICIT), END OF YEAR	\$ (307,593)	\$ 1,252,915	\$ 101,451	\$ 1,058,811	\$ 5,305,717	\$ (7,595,873)	\$ 657,418	\$ 472,846	\$ 3,641,462

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
Special Data Requirements for Audits of Universities (Unaudited) (Continued)
For the Year Ended June 30, 2018

ENTITIES FINANCIAL STATEMENTS (Unaudited)
STATEMENT OF CHANGES IN FUND BALANCES - PLANT FUNDS (Unaudited)
(with comparative totals for the year ended June 30, 2018)

	Auxiliary Enterprises					Activities				Total All Entities (Memorandum Only)	
	University Facilities System		Student Health Services		Public Services	Activities Services	Student Activities	Continuing Education	2019		2018
	Bond Fund	Parking Facilities	Revenue	Student Health Services							
\$	1,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,656	\$ 1,018
	30,750	1,737	8,694	-	220,773	55,133	-	-	-	317,087	170,238
	1,370,000	-	-	-	-	-	-	-	-	1,370,000	1,305,000
TOTAL REVENUES AND OTHER ADDITIONS	1,402,406	1,737	8,694	-	220,773	55,133	-	-	-	1,688,743	1,476,256
EXPENDITURES AND OTHER DEDUCTIONS	1,820,769	-	-	-	-	-	-	-	-	1,820,769	1,822,906
Principal and interest on debt	(1,166,718)	220,121	88,699	7,330	1,380,142	138,324	12,980	680,878	(75,121)		
Property disposals and net transfers											
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	654,051	220,121	88,699	7,330	1,380,142	138,324	12,980	2,501,647	1,747,785		
MANDATORY TRANSFERS:	1,884,279	-	-	-	-	-	-	1,884,279	1,844,497		
Transfers in											
NET INCREASE (DECREASE) IN FUND BALANCES	2,632,634	(218,384)	(80,005)	(7,330)	(1,159,369)	(83,191)	(12,980)	1,071,375	1,572,968		
FUND BALANCES, BEGINNING OF YEAR	16,245,521	1,148,211	119,752	10,451	7,097,162	317,730	12,980	24,951,807	23,378,839		
FUND BALANCES, END OF YEAR	\$ 18,878,155	\$ 929,827	\$ 39,747	\$ 3,121	\$ 5,937,793	\$ 234,539	\$ -	\$ 26,023,182	\$ 24,951,807		

State of Illinois
Chicago State University
Analysis of Operations (Unaudited) (Continued)
Special Data Requirements for Audits of Universities (Unaudited)
For the Year Ended June 30, 2019

Summary of Foundation Cash Support to the University (Unaudited)

The Chicago State Foundation (Foundation) is considered a University-related organization under section VI of the University Guidelines. Its contractual relationship to the University is described in Note 12 - "Related Party Transactions" of the University's financial statements. During the current fiscal year, the University provided administrative support services valued at \$97,493 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 University Guidelines computations:	
Total unrestricted	\$ 1,142
Restricted only as college or department	<u>533,215</u>
Total funds considered unrestricted	<u>534,357</u>
Expenditures considered restricted for purposes of the University Guidelines computations:	
Given for scholarships	<u>113,255</u>
Total funds considered restricted	<u>113,255</u>
Total funds provided by the Foundation to support the University	<u>\$ 647,612</u>