STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPLIANCE EXAMINATION

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

FOR THE YEAR ENDED JUNE 30, 2015

Performed as Special Assistant Auditors for the Auditor General, State of Illinois

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPLIANCE EXAMINATION

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

FOR THE YEAR ENDED JUNE 30, 2015

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STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPLIANCE EXAMINATION

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

FOR THE YEAR ENDED JUNE 30, 2015

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STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPLIANCE EXAMINATION

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STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY

AGENCY OFFICIALS

President	Dr. Thomas J. Calhoun (1/1/16 to present)
President	Dr. Wayne Watson (to 12/31/15)
Provost and Senior V.P. for Academic Affairs	Dr. Angela M. Henderson (11/24/14 to present)
Interim Provost and Senior V.P. for Academic Affairs	Dr. Angela M. Henderson (to 11/23/14)
Interim V.P. of Administration and Finance	Mr. Cecil B. Lucy (10/1/15 to present)
V.P. of Administration and Finance	Mr. Lawrence A. Pinkelton (4/1/15 to 9/30/15)
Interim V.P. of Administration and Finance	Mr. Lawrence A. Pinkelton (to 3/31/15)
Associate V.P. of Administration and Finance	Ms. Maricela Aranda
Executive Director/Controller	Mr. Raul Garcia, CPA, MBA
Director of Accounting/Assistant Controller	Ms. Louise Williams, CPA (12/16/14 to present)
Associate Director of Accounting	Ms. Louise Williams, CPA (to 12/15/14)
Chief Internal Auditor	Mr. Michael N. Mayo, CPA (12/1/14 to present)
Interim Chief Internal Auditor	Mr. Michael N. Mayo, CPA (to 11/30/14)

University offices are located at:
9501 South Martin Luther King Drive
Chicago, IL 60628

Thomas J. Calhoun, Jr., Ph.D.
President

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Chicago, Illinois 60628-1598

Telephone: 773 / 995-2400
Fax: 773 / 995-3849
E-mail: tcalhoun@csu.edu

February 3, 2016

Borschnack, Pelletier & Co.
Certified Public Accountants
200 E. Court St., Suite 608
Kankakee, IL 60901

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of Chicago State University. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of Chicago State University's compliance with the following assertions during the year ended June 30, 2015. Based on this evaluation, we assert that during the year ended June 30, 2015, Chicago State University has materially complied with the assertions below.

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

B. Chicago State University has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

C. Chicago State University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

D. State revenues and receipts collected by Chicago State University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

E. Money or negotiable securities or similar assets handled by Chicago State University on behalf of the State or held in trust by the University have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Chicago State University

Dr. Thomas J. Calhoun, President

Mr. Cecil B. Lucy, Interim Vice President of Administration and Finance

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

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORTS

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	Current Report	Prior Report
Findings	15	20
Repeated findings	7	8
Prior recommendations implemented or not repeated	13	8

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

Item No.	Page	Description	Finding Type
2015-001	21	Inaccurate Accounting of Accrued Compensated Absences	Significant Deficiency / Noncompliance

FINDINGS (FEDERAL COMPLIANCE)

Item No.	Page	Description	Finding Type
2015-002	23	Federal Perkins Loan Cohort Default Rate Too High	Significant Deficiency / Noncompliance
2015-003	24	Inadequate Controls Over Preparation of an Accurate Schedule of Expenditures of Federal Awards	Significant Deficiency / Noncompliance
2015-004	26	Lack of Adherence to Controls and Noncompliance with Requirements Applicable to the Research and Development Cluster	Significant Deficiency / Noncompliance
2015-005	28	Lack of Adherence to Controls and Noncompliance with Requirements Applicable to the Higher Education Institutional Aid Program	Significant Deficiency / Noncompliance
2015-006	30	Inadequate Controls Over Student Verification	Significant Deficiency / Noncompliance
2015-007	32	Institutional and Financial Assistance Information Disclosed to Students	Significant Deficiency / Noncompliance

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

FINDINGS (STATE COMPLIANCE)

Item No.	Page	Description	Finding Type
2015-008	34	Inadequate Controls Over Property and Equipment	Significant Deficiency / Noncompliance
2015-009	36	Noncompliance with Campus Security Enhancement Act of 2008	Significant Deficiency / Noncompliance
2015-010	37	Hiring of New Employees	Significant Deficiency / Noncompliance
2015-011	39	Subsidies Between Accounting Entities	Significant Deficiency / Noncompliance
2015-012	40	Noncompliance with the Illinois State Collection Act	Significant Deficiency / Noncompliance
2015-013	41	Voucher Processing Errors	Significant Deficiency / Noncompliance
2015-014	43	Internal Audit	Significant Deficiency / Noncompliance
2015-015	45	Inadequate Controls Over Personal Services	Significant Deficiency / Noncompliance

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

Item No.	Page	Description	Finding Type
2015-001	21	Inaccurate Accounting of Accrued Compensated Absences	Significant Deficiency / Noncompliance

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY

COMPLIANCE REPORT

SUMMARY

PRIOR FINDINGS NOT REPEATED

Item No.	Page	Description
A	47	Noncompliance and Inadequate Controls Over Advances to Employees
B	47	Inadequate Controls over Payroll and Purchasing Cards
C	47	Noncompliance with Requirements Applicable to the Textbooks & Learning Materials Program
D	47	Return of Title IV Funds
E	48	Inaccurate Completion of the Fiscal Operations Report
F	48	Controls Over Loan Counseling
G	48	Transfer Student Financial Aid Disbursements
H	48	Federal Direct Student Loans Monthly Reconciliations
I	48	Noncompliance with the Reporting Requirements Applicable to the Strengthening Minority-Serving Institutions Program
J	49	Noncompliance with the Reporting Requirements Applicable to the Higher Education Institutional Aid Program
K	49	Senior Citizens Courses Act
L	49	Higher Education Veterans Service Act
M	49	Failure to Report the Aggregate Amount of Bills Held to the State Comptroller

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on January 25, 2016. Attending were:

Representing Chicago State University	
President	Dr. Thomas J. Calhoun
Interim V.P. of Administration and Finance	Mr. Cecil B. Lucy
Provost and Senior V.P. for Academic Affairs	Dr. Angela Henderson
Associate V.P. of Administration and Finance	Ms. Marcie Aranda
Executive Director/Controller	Mr. Raul Garcia, CPA, MBA
Assistant Controller	Ms. Louise Williams, CPA
Chief Internal Auditor	Mr. Michael N. Mayo, CPA
Associate General Counsel	Ms. Celia Meza
Chief Information Officer	Mr. Prashant Shinde
Director of Human Resources	Dr. Renee Mitchell
Assistant Director of Compliance	Ms. Tami L. Robinson, CCEP
Representing Borschnack, Pelletier & Co.	
Partner	Mr. Paul A. Pelletier, CPA
Manager	Mr. Robert Sikma, CPA
Representing the Office of the Auditor General	
Audit Manager	Mr. Thomas L. Kizziah, CPA
IS Audit Manager	Ms. Kathleen Devitt, C.I.S.A.

Responses to the recommendations were provided by Ms. Tami L. Robinson in a correspondence dated February 2, 2016.

Borschnack Pelletier & Co.
Certified Public Accountants & Consultants

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INDEPENDENT ACCOUNTANTS' 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

Board of Trustees
Chicago State University

Compliance

As Special Assistant Auditors for the Auditor General, we have examined Chicago State University's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2015. The management of Chicago State University is responsible for compliance with these requirements. Our responsibility is to express an opinion on Chicago State University's compliance based on our examination.

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

B. Chicago State University has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

C. Chicago State University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

D. The State revenues and receipts collected by Chicago State University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

E. Money or negotiable securities or similar assets handled by Chicago State University on behalf of the State or held in trust by Chicago State University have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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

In our opinion, Chicago State University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2015. However, the results of our procedures disclosed instances of noncompliance, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as findings 2015-001 and 2015-008 through 2015-015.

Internal Control

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

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 the requirements listed in the first paragraph of this report on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as findings 2015-001 and 2015-008 through 2015-015, 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.

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

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of Chicago State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2015, which collectively comprise Chicago State University's basic financial statements, and have issued our report thereon dated December 4, 2015 which contained unmodified opinions on the respective financial statements of the business-type activities of Chicago State University and its discretely presented component unit. Our report includes a reference to another auditor who audited the financial statements of Chicago State University's discretely presented component unit and whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, was based solely on the report of the other auditor. Our audit was conducted for the purpose of

forming opinions on the financial statements that collectively comprise the Chicago State University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 4, 2015.

The accompanying supplementary information for the year ended June 30, 2015 in Schedules 1 through 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements of Chicago State University. 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 basic financial statements. The accompanying supplementary information for the year ended June 30, 2015 in Schedules 1 through 15 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, 2015 in Schedules 1 through 15 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, Chicago State University's basic financial statements as of and for the year ended June 30, 2014, and have issued our report dated December 19, 2014, which contained unmodified opinions on the respective financial statements of the business-type activities of Chicago State University and its discretely presented component unit. Our report included reference to another auditor who audited the financial statements of Chicago State University's discretely presented component unit and whose report had been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, was based solely on the report of the other auditor. The accompanying supplementary information for the year ended June 30, 2014 in Schedules 4 through 6, 9 through 11, 13 and 14 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2014 financial statements. The accompanying supplementary information for the year ended June 30, 2014 in Schedules 4 through 6, 9 through 11, 13 and 14 has been subjected to the auditing procedures applied in the audit of the June 30, 2014 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, 2014 in Schedules 4 through 6, 9 through 11, 13 and 14 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

The accompanying supplementary information in the Analysis of Operations Section is presented for the purpose 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.

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

Borschnack, Pellitteri & Co.

February 3, 2016, except for our report on the Supplementary Information for State Compliance Purposes, as to which the date is December 4, 2015.

Borschnack Pelletier & Co.
Certified Public Accountants & Consultants

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

Honorable William G. Holland
Auditor General
State of Illinois

and

Board of Trustees
Chicago State University

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 of Chicago State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Chicago State University's basic financial statements, and have issued our report thereon dated December 4, 2015. Our report includes a reference to another auditor who audited the financial statements of the Chicago State University's discretely presented component unit, as described in our report on the University's financial statements. The financial statements of the Chicago State University's discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Chicago State University's internal control over financial reporting (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 Chicago State University's internal control. Accordingly, we do not express an opinion on the effectiveness of the Chicago State 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*

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Chicago State 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chicago State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Chicago State University's compliance.

Opinion on Each Major Federal Program

In our opinion, Chicago State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-002 through 2015-007. Our opinion on each major federal program is not modified with respect to these matters.

Chicago State University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Chicago State 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 Chicago State 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 Chicago State 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 OMB Circular A-133, 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 Chicago State University's internal control over compliance.

Requirements governing the enrollment reporting special tests and provisions compliance requirement of the Student Financial Assistance Cluster: Federal Direct Student Loan and Federal Family Education Loan programs as described in the Compliance Supplement were performed by NSC. Internal control over compliance related to such function for the year ended June 30, 2015 was reported on by accountants for the servicer in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Assistance Programs at Participating Institutions and Institution Servicers.* Our report does not include the results of the accountants' for the servicer testing of NSC' internal control over compliance related to such function.

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 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-002 through 2015-007 that we consider to be significant deficiencies.

Chicago State 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. Chicago State 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities and the discretely presented component unit of Chicago State University, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Chicago State University's basic financial statements. We issued our report thereon dated December 4, 2015, which contained unmodified opinions on those financial statements. Our report includes a reference to another auditor who audited the financial statements of Chicago State University's discretely presented component unit, as described in our report on the University's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 4, 2015. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the

audit of the basic financial statements and certain other 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 taken as a whole.

Borschnack, Pellitt & Co.

February 3, 2016

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: unmodified opinions

Internal control over financial reporting:
- Material weakness(es) identified? ____ yes __X__ no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? __X__ yes ____ none reported

Noncompliance material to financial statements noted? ____ yes __X__ no

Federal Awards

Internal control over major programs:
- Material weakness(es) identified? ____ yes __X__ no
- Significant deficiency (ies) identified that are not considered to be material weakness(es)? __X__ yes ____ none reported

Type of auditors' report issued on compliance for major programs: see below

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? __X__ yes ____ no

Identification of major programs:

Name of Federal Program or Cluster	CFDA No.	Type of Auditors' Report on Compliance
Student Financial Assistance Cluster		Unmodified
Federal Supplemental Educational Opportunity Grants	84.007	
Federal Work-Study Program	84.033	
Federal Perkins Loan Program	84.038	
Federal Pell Grant Program	84.063	
Federal Direct Student Loans	84.268	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	
Research & Development Cluster		Unmodified
Centers for Academic Excellence	12.598	
Basic, Applied, and Advanced Research in Science and Engineering	12.630	
Mathematical and Physical Sciences	47.049	
Education and Human Resources	47.076	
Drug Abuse and Addiction Research Programs	93.279	
Minority Health and Health Disparities Research	93.307	
Cancer Centers Support Grants	93.397	
Biomedical Research and Research Training	93.859	
Higher Education Institutional Aid	84.031	Unmodified
Strengthening Minority-Serving Institutions	84.382	Unmodified

I. SUMMARY OF AUDITORS' RESULTS (Continued)

Dollar threshold used to distinguish between type A and type B programs: $ 300,000

Auditee qualified as low-risk auditee? ____ yes ___x___ no

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2015-001 FINDING: INACCURATE ACCOUNTING OF ACCRUED COMPENSATED ABSENCES

Chicago State University (University) did not properly account for accrued compensated absences.

We obtained the University's schedule of accrued compensated absences and performed the following tests:

- From the University's directory, we selected a sample of 5 employees from employment categories that generally do not vest accrued leave (athletic coaches, one year contract employees, and employees funded by grants) and noted that 1 of the employees selected was included on the accrued compensated absences schedule. We reviewed the employee's contract and verified the employee was not eligible for vested accrued leave. We brought this information to the attention of the University and asked them to go through their records and remove all individuals that were not allowed to accrue absences. The University reviewed their records and indicated that there were no other individuals required to be removed. The noted employee's accrued leave ($15,216) was removed from the listing prior to the preparation of the financial statements.

- We also tested a sample of 19 employees to determine if the University was properly accounting for leave time earned and used during the year. We noted four employees in our sample that had beginning accrued leave time that did not agree to the prior year schedule prepared by the University. The differences in beginning balances ranged from accruals that were 44.25 hours under to accruals that were 70.21 hours over previously reported amounts. We also noted one employee that was shorted 8 hours of accrued leave during the fiscal year. The total projected misstatement based on our sample was $61,595 of additional expense that was run through the current year Statement of Revenues, Expenses and Changes in Net Position.

- We tested 6 of 12 employees that received sick leave payouts during the fiscal year. Of the 6 employees tested, we noted that three of them received a payout for 100% of their sick time ($6,256 over the allowed amount). The projected error in payments made was $7,531.

The University's Human Resource Policy manual states that coaches must use all accrued vacation by the end of each contract year or it shall be lost. There is no accrued leave payout for one-year contract employees and employees funded by grants.

The State Finance Act (Act) (30 ILCS 105/14a(f)) requires that sick leave earned between January 1, 1984 and January 1, 1998 be paid by multiplying ½ the number of accumulated sick days by the daily rate of compensation at the time of the employee's resignation from the University.

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, that provide assurance that resources and expenditures are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

CURRENT FINDINGS – *GOVERNMENT AUDITING STANDARDS*

2015-001 FINDING: INACCURATE ACCOUNTING OF ACCRUED COMPENSATED ABSENCES (continued)

University officials stated that the University maintains all accrued leave records in its electronic information system. The data does require some manual input and manipulation. The errors noted were due to human error.

Failure to properly account for accrued leave may cause errors in compensation to employees and may result in inaccurate financial statements. (Finding Code Nos. 2015-001, 2014-002, 2013-001, 12-2, 11-3)

RECOMMENDATION

We recommend the University improve its processes to account for accrued leave to ensure records and reporting are accurate and that employees are paid appropriately. We further recommend the University recoup the inaccurate sick leave payouts.

UNIVERSITY RESPONSE

The University agrees with the recommendation and will improve its process between the Office of Human Resources and Finance/Administration to ensure that the appropriate accrued leave is captured on the general ledger. We will further continue our practice to recoup any overpayment.

CURRENT FINDINGS – FEDERAL COMPLIANCE

2015-002 FINDING: FEDERAL PERKINS LOAN COHORT DEFAULT RATE TOO HIGH

Federal Department:	**U.S. Department of Education**
CFDA Number:	**84.038**
Program Name:	**Student Financial Aid Cluster (Federal Perkins Loan Program)**
Questioned Cost:	**None**

Chicago State University's (University) Federal Perkins Loan cohort default rate is in excess of the threshold for administrative capability stipulated by the U.S. Department of Education.

The Federal Perkins Loan cohort default rate as of June 30, 2015 was 20.59% and was obtained from the University's Federal Perkin's loan servicer.

The Code of Federal Regulations (34 CFR 668.16) states "To begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution – ... (m)(1) Has a cohort default rate - (iii) as defined in 34 CFR 674.5, on loans made under the Federal Perkins Loan Program to students for attendance at the institution that does not exceed 15 percent."

OMB Circular A-133 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that the University maintains a Federal Perkins Loan cohort default rate of less than 15%.

University officials stated that economic conditions continue to present challenges for CSU students in loan repayment status.

Failure to maintain a Federal Perkins Loan cohort default rate below 15% impacts the University's administrative capability and could jeopardize future Federal funding. (Finding Code No. 2015-002).

RECOMMENDATION

We recommend the University improve procedures to collect its Federal Perkins Loans made to students in order to continue participation in this program.

UNIVERSITY RESPONSE

The University agrees with the recommendation and is restructuring its collection department to fill the gaps of collection personnel due to limited resources. In addition, the University will work with its loan service provider to identify additional services available. Under extreme cases, the University will review where an institutional loan can be used to pay Perkins and redirect the collection efforts accordingly.

CURRENT FINDINGS – FEDERAL COMPLIANCE

2015-003 FINDING: INADEQUATE CONTROLS OVER PREPARATION OF AN ACCURATE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Department*:	**Department of Agriculture** **Department of Defense** **National Science Foundation**
CFDA Numbers*:	**10.310, 12.598, 47.049, 47.076**
Program Name*:	**Agriculture and Food Research Initiative** **Centers for Academic Excellence** **Mathematical and Physical Sciences** **Education and Human Resources**
Questioned Cost:	**None**

* Only includes the Federal department, CFDA numbers, and Program Names where exceptions were noted.

Chicago State University (University) did not prepare an accurate Schedule of Expenditures of Federal Awards (SEFA).

The University provided the auditors its "Final" SEFA on November 18, 2015. We tested the accuracy and completeness of the SEFA provided and noted the following:

- Two programs were reported with the incorrect Catalog of Federal Domestic Assistance (CFDA) numbers and incorrectly identified the Federal agency that provided the funding. A Department of Defense award was mistakenly reported as a National Science Foundation Award and a Department of Agriculture pass through award from the University of Minnesota was also mistakenly reported as a direct award from the National Science Foundation. This Department of Agriculture award was initially included in the University's Research and Development (R&D) Cluster but was removed from the R&D Cluster on the corrected SEFA.
- One program passed awards through to nine sub-recipients totaling $86,231 that were not reported as such.
- A pass-through award from the American Society of Pharmacognosy Foundation was initially identified as a directly funded award from the National Institutes of Health and included in the University's R&D Cluster. The University subsequently determined that the award was not Federally funded and removed it from the R&D Cluster and their SEFA.
- A pass-through award from Union College was initially identified as a directly funded award from the National Science Foundation.

OMB Circular A-133 section 300(a) requires the University to identify in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Section 300(d) requires the University to prepare a SEFA in accordance with section 310. Section 310 identifies the required elements of the SEFA. Each individual Federal program should provide the total Federal awards expended for each individual Federal program and the CFDA number and should be listed by the Federal agency. Any awards passed through to sub recipients should be identified and for awards received as a sub recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity should be included.

CURRENT FINDINGS – FEDERAL COMPLIANCE

2015-003 FINDING: INADEQUATE CONTROLS OVER PREPARATION AN ACCURATE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

OMB Circular A-133 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that an accurate SEFA is prepared.

University officials stated that the inaccuracies were due to human error.

Failure to prepare an accurate SEFA may prevent the University from having an audit properly performed in accordance with OMB Circular A-133, which may result in the suspension of Federal funding. (Finding Code No. 2015-003)

RECOMMENDATION

We recommend the University improve its controls over Federal awards so that it can prepare an accurate SEFA.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The Office of Grants and Research Administration (OGRA) will increase review of all program descriptions and program numeration in preparation for next year's report. Sub- recipient awards will be documented and reviewed by OGRA.

CURRENT FINDINGS – FEDERAL COMPLIANCE

2015-004 FINDING: LACK OF ADHERENCE TO CONTROLS AND NONCOMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE RESEARCH AND DEVELOPMENT CLUSTER

Federal Department*:	**Department of Defense** **National Institutes of Health**
CFDA Numbers*:	**12.598, 93.859**
Program Name:	**Research and Development Cluster**
Award Number*:	**HHM402-14-1-0003, 5SC3GM098180-04**
Questioned Cost:	**Known $695 (projected $4,542 calculated as follows: $695 (error noted in sample) / $495,868 (sample size) X $3,240,766 (total R& D Cluster expenditures))**

* Only includes the Federal department, CFDA numbers, and award numbers where exceptions were noted.

Chicago State University's (University) controls over the compliance requirement of allowable costs and cost principles applicable to its Research and Development Cluster were not followed.

During our testing of 29 expenditures (totaling $495,868) we noted that the University used an incorrect indirect cost rate to calculate the indirect cost on a $500 expenditure. The University used a rate of 24.73%, when the rate allowed by the award agreement was 23.50% (a questioned cost of $6 of indirect costs).

The Grant Application for the item identified above states that indirect costs would be charged at a rate of 23.50%.

We also noted one payroll expenditure ($984) was charged to the program using a 33.3% time and effort rate. However, the effort certification report completed by the employee for the pay period indicated that only 10% of the employee's time should be charged to the program. (The questioned cost was $689.) In addition, the effort certification was not signed by the employee's supervisor.

The University uses a method whereby employees compensated by sponsored agreements complete and submit a monthly individual time and effort report. This report is also to be signed by the fiscal officer. The University's procedures require a reconciliation of time and effort reported and program charges at least every grant year and at closeout.

OMB Circular A-21- *Cost Principles for Higher Education Institutions* (Section J.10) provides for charging of compensation to a sponsored agreement for services rendered for work on that agreement. The apportionment of employees' salaries which are chargeable to more than one sponsored agreement or other cost objective will be accomplished by methods that produce an equitable distribution of charges for the employees' activities.

OMB Circular A-133 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that correct indirect cost rates are charged to the program and that there is a reconciliation between the compensation for personal services charged to the agreement and the amount actually worked on the agreement.

CURRENT FINDINGS – FEDERAL COMPLIANCE

2015-004 FINDING: LACK OF ADHERENCE TO CONTROLS AND NONCOMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE RESEARCH AND DEVELOPMENT CLUSTER (continued)

University officials stated that the grant accountants did not have the proper authorization to input nonstandard indirect cost rates into the University's accounting system. The University never billed the Department of Defense at the higher indirect cost rate, but the higher indirect cost rate did appear in the University's General Ledger. The noted employee's time and effort report reflected salary distributions to two different sponsored agreements that differed from the estimates charged to the sponsored agreements and reconciliation had not been performed.

Failure to accurately charge sponsored agreements at correct indirect cost rates and for the equitable distribution of employee compensation may result in Federal expenditures being disallowed and could jeopardize future Federal funding. (Finding Code No. 2015-004).

RECOMMENDATION

We recommend the University improve procedures to ensure the University complies with the requirements of its Federally funded programs and University procedures.

UNIVERSITY RESPONSE

The University agrees with the recommendation. To prevent future errors, the University will continue to review indirect cost rates quarterly and now has the ability to correct non-standard rates within the Banner System. Regarding the payroll expenditure finding, the grant accountants will maintain PCN files and will reconcile the files quarterly to actual payroll records to ensure accuracy in allocations.

CURRENT FINDINGS – FEDERAL COMPLIANCE

2015-005 FINDING: LACK OF ADHERENCE TO CONTROLS AND NONCOMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE HIGHER EDUCATION INSTITUTIONAL AID PROGRAM

Federal Department:	**Department of Education**
CFDA Numbers:	**84.031**
Program Name:	**Higher Education Institutional Aid**
Award Number:	**P031P110012**
Questioned Cost:	**Known $630 including indirect cost on $583 (projected $1,210 calculated as follows: $583 (error noted in sample) / $82,094 (sample size) X $170,409 (total expenditures))**

Chicago State University's (University) internal controls over the compliance requirement of allowable costs and cost principles applicable to its Higher Education Institutional Aid program did not function as designed.

We tested 25 expenditures totaling $82,094 and noted one ($583) payroll expenditure in which the employee's timesheet had not been approved by the employee's supervisor. The timesheet approval was overwritten by a Human Resources employee. (Questioned cost of $630 including applicable indirect costs).

OMB Circular A-21 Section J.10. provides for charging of compensation to a sponsored agreement for services of employees rendered on that agreement to the extent that the total compensation to individual employees conforms to established policies of the institution, consistently applied. The University's Human Resource Policy Manual states that managers are responsible for reviewing the accuracy and completeness of employee time reports.

OMB Circular A-133 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that employee compensation approvals are in accordance with University policies and consistently applied to both Federal and non-Federal programs.

University officials stated that in this case, the approver was not the direct supervisor of the employee. The direct supervisor failed to communicate with the Human Resources employee to ensure the submitted hours were accurate.

Failure to adhere to the University's employee compensation controls reduces the likelihood that costs are properly charged to the program and may jeopardize future Federal funding. (Finding Code No. 2015-005)

RECOMMENDATION

We recommend the University adhere to its employee compensation controls.

CURRENT FINDINGS – FEDERAL COMPLIANCE

2015-005 FINDING: LACK OF ADHERENCE TO CONTROLS AND NONCOMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE HIGHER EDUCATION INSTITUTIONAL AID PROGRAM (continued)

UNIVERSITY RESPONSE

The University agrees with the recommendation. The Office of Grants and Research Administration will audit a sample of Webtime entry submissions quarterly to ensure proper approval by supervisors of employees hired on grant funds.

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

CURRENT FINDINGS – FEDERAL COMPLIANCE

2015-006 FINDING: INADEQUATE CONTROLS OVER STUDENT VERIFICATION

Federal Department:	**U.S. Department of Education** **U.S. Department of Health and Human Services**
CFDA Numbers:	**84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.925**
Program Name:	**Student Financial Assistance Cluster**
Questioned Cost:	**None**

Chicago State University's (University) procedures to complete verification when the student was selected by the U.S. Department of Education (ED) for verification did not function as designed.

We tested a sample of 60 students receiving student financial assistance and noted that 15 of those students were selected for verification. We noted the following exception to the University's verification procedures:

- One student's parents' tax return information differed from the amounts reported on the Institutional Student Information Report (ISIR). The submitted verification documents evidenced an *Adjusted Gross Income* of $99,720, but the ISIR showed $99,890 (a $170 difference). In addition, the submitted verification documents indicated the receipt of *Untaxed Portions of Pensions* of $29,801, but the ISIR showed $0 (a $29,801 difference). This error resulted in the student receiving a $1,750 Subsidized Stafford Loan for which the student was not eligible. Instead, the student should have received an additional Unsubsidized Stafford Loan of the same amount.

The University's verification procedures include requesting and obtaining documentation from students and verifying that the student's ISIR is correct. In the above instance, the University's financial aid advisor failed to identify the noted errors.

The Code of Federal Regulations (34 CFR 668.59(a)(2)) states for subsidized financial assistance programs, if the applicant's FAFSA information changes as a result of verification, the applicant or institution must submit to the Secretary any changes to a single dollar item of $25 or more.

OMB Circular A-133 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that student verifications are properly performed.

University officials stated that the student had two file reviews that resulted in corrections made during the student's verification process. During the previous file reviews, corrections were made to the parents' income and income tax paid and the students EFC was revised.

This student and the student's parents did not use the IRS Data Retrieval Tool and instead submitted a hard copy of the parents' tax return transcripts. Paper forms require a more extensive review process and unfortunately, while two reviews were completed, the employee overlooked the items noted above.

CURRENT FINDINGS – FEDERAL COMPLIANCE

2015-006 FINDING: INADEQUATE CONTROLS OVER STUDENT VERIFICATION (continued)

Lack of adequate controls to ensure that all selected student verifications are accurate increases the risk that students may be over or under awarded and may result in a loss of future Federal funding. (Finding Code No. 2015-006)

RECOMMENDATION

We recommend the University improve its procedures to ensure that students that have been selected for verification are accurately verified in accordance with U.S. Department of Education regulations.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University will create a check list identifying items that need to be reviewed within the tax documents when hard copies of tax forms are submitted and used for verification purposes.

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

CURRENT FINDINGS – FEDERAL COMPLIANCE

2015-007 FINDING: INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION DISCLOSED TO STUDENTS

Federal Department:	**U.S. Department of Education**
CFDA Numbers:	**84.038, 84.033, 84.007, 84.063, 84.268, 84.379**
Program Name:	**Student Financial Assistance Cluster**
Questioned Cost:	**None**

Chicago State University (University) did not fully comply with the institutional and financial assistance information for students regulations as prescribed by the U.S. Department of Education (ED).

Our review of the University's reporting and disclosure information revealed the following:

- The University's annual notification to students of the availability of required general disclosures (financial assistance information and institutional information) did not include all of the information required to be disclosed. (The University discloses this information on Internet websites, however, the exact electronic addresses stated in the annual notification failed to provide the required information in its entirety.)
- The University did not make available to enrolled students, prospective students, and the public the Equity in Athletics Disclosure Act (EADA) Report by October 15th.

The Code of Federal Regulations states:

- (34 CFR 668.41 (c)(1)) – An institution annually must distribute to all enrolled students a notice of the availability of the information required to be disclosed pursuant to paragraphs (d), (e), and (g) of this section. The notice must list and briefly describe the information and tell the student how to obtain the information.
- (34 CFR 668.41 (c)(2)) – An institution that discloses information to enrolled students as required under paragraph (d), (e), or (g) of this section by posting the information on an Internet website or an Intranet website must include in the notice described in paragraph (c)(1) of this section –
    - The exact electronic address at which the information is posted.
- (34 CFR 668.41 (g)(1)(i)) – An institution of higher education subject to 34 CFR 668.47 must, not later than October 15 of each year, make available to enrolled students, prospective students, and the public, the report produced pursuant to 34 CFR 668.47(c).

OMB Circular A-133 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that institutional and financial assistance information for students complies with content and distribution requirements prescribed by Federal regulations.

University officials stated a copyright policy exists, however it was not included in the annual notification due to a misinterpretation of the CFR. The EADA report was submitted to the ED timely, however due to another misinterpretation of the CFR, it was not made available to the University community until it was accepted by the ED (after the October 15 deadline).

CURRENT FINDINGS – FEDERAL COMPLIANCE

2015-007 FINDING: INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION DISCLOSED TO STUDENTS (continued)

Failure to comply with the Federal regulations may hinder a student's ability to make an informed decision and may jeopardize future Federal funding. (Finding Code Nos. 2015-007, 2014-006, 2013-008, 12-16, 11-19, 10-26)

RECOMMENDATION

We recommend the University improve its internal controls to ensure that the University fully complies with the Federal regulations regarding the dissemination of institutional and financial assistance information to its students.

UNIVERSITY RESPONSE

The University agrees with the recommendation. To ensure compliance going forward, the template, created to track compliance surrounding reporting and consumer disclosures will be expanded to include reporting deadline dates and shared with the Vice President of Enrollment Management to ensure accountability.

CURRENT FINDINGS – STATE COMPLIANCE

2015-008 FINDING: INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT

Chicago State University (University) did not fully comply with requirements applicable to its property and equipment.

We reviewed the University's property inventory certification as of March 31, 2015 that was submitted to the Department of Central Management Services (DCMS). The inventory certification to DCMS reported 163 items ($269,905) of equipment that could not be located by the University. These assets were acquired by the University during the current as well as past fiscal years. Included in the equipment that was reported as "unlocated" were approximately 76 computers, servers, CPUs, or other electronic storage devices. The University did not immediately perform a complete assessment of one of the missing computers to determine if notification was required as outlined in the Personal Information Protection Act (Act) (815 ILCS 530/25). After our inquiry, the University performed further procedures and concluded that no sensitive data would have been on the computer.

We also noted that the University owns six cellular devices that are assigned to and used by University employees. The phones were assigned a tag number by the University, but these items were not recorded on the University's property control records or reported in the University's property inventory certification to DCMS. Each of these cellular devices cost $200 and would be considered an item subject to theft.

The State Property Control Act (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for the supervision, control and inventory of property under their jurisdiction to ensure proper accounting and safeguarding of assets.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.220) states that all items of equipment with an acquisition value of under $500 are not required to be reported to CMS, except that all firearms, cameras, calculators, antiques, and other items subject to theft must be reported regardless of acquisition cost.

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, that provide assurance that property is safeguarded against waste, loss, unauthorized use, and misappropriation.

University officials stated that equipment processes intended to track the movement and storage of assets did not fully function as intended. The University's Office of Information Technology - Telecommunications maintained a list of all cell phones provided for use at the University, however, it did not provide the information to Property Control so the items could be included on the University's property control records. The loss of department personnel caused the assessment for sensitive data on the missing computer to be incomplete.

The significant volume of "unlocated" equipment demonstrates a lack of accountability. Failure to report equipment that is potentially subject to theft is a violation of the regulations. Failure to perform complete assessments of missing computers may result in the University being unaware of a breach of system data. (Finding Code Nos. 2015-008, 2014-013, 2013-012)

CURRENT FINDINGS – STATE COMPLIANCE

2015-008 FINDING: INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT (continued)

RECOMMENDATION

We recommend the University strengthen its internal controls over the accountability of University equipment. We also recommend the University complete detailed assessments of any missing or lost computer devices in a timely manner.

UNIVERSITY RESPONSE

The University agrees with the recommendation. After the Certification period the University has recovered 59 items for a value of $134,589.46, which represents a 50% reduction in acquisition cost. The University continues to search for the assets and believes the number will continue to decrease. The six cellular devices were tagged and recorded in our system; however they were recorded under the wrong account. We have corrected the account information in our system. The University transitioned from a manual process to an automated fixed asset management process at the start of the Certification period. The University has implemented monthly training sessions to provide additional education on the process of managing the University's fixed assets. In addition to the trainings, the University has reinforced accountability measures by implementing compliance sanctions on all University employees who do not adhere to the Property Control Policy.

CURRENT FINDINGS – STATE COMPLIANCE

2015-009 FINDING: NONCOMPLIANCE WITH CAMPUS SECURITY ENHANCEMENT ACT OF 2008

Chicago State University (University) did not have adequate controls in place to ensure that required criminal background investigations were conducted prior to employment for those employees hired for security sensitive positions.

We obtained a listing of 210 security-sensitive positions identified by the University and selected 25 individuals for testing (15 employees that were hired in the current fiscal year and 10 employees that were hired in previous fiscal years). We noted the following:

- Sixteen employees were hired prior to the completion of criminal background investigations (ten of these employees were hired in the current fiscal year). These background investigations were completed between 2 days to 9.4 years after hiring of the employee.
- Three employees that were hired for security sensitive positions in prior years had no evidence that a criminal background investigation had ever been obtained.

The Campus Security Enhancement Act of 2008 (Act) (110 ILCS 12/5) states that "Each public institution of higher education shall, through written policy and procedures, identify security-sensitive positions and make provision for the completion of criminal background investigations prior to employing individuals in those positons."

University officials stated they did not have a comprehensive policy or procedure affecting the processing of criminal background investigations prior to employing individuals in these positions.

Failure to obtain the required criminal background investigations prior to the employment of individuals in security-sensitive positions results in noncompliance with the Act and may result in the University allowing access to security-sensitive information to individuals who should not be trusted. (Finding Code Nos. 2015-009, 2014-016)

RECOMMENDATION

We recommend the University comply with the requirements of the Act and obtain criminal background investigations prior to hiring employees for security-sensitive positions. We further recommend the University identify employees in security sensitive positions who have not had a previous criminal background check and obtain one.

UNIVERSITY RESPONSE

The University agrees with the recommendation. A written policy and procedure identifying security sensitive positions has been created and criminal background investigations have been completed. Going forward criminal background investigations will be completed on all new employees and employees transferring into sensitive security positions, prior to the actual hiring or transfer.

CURRENT FINDINGS – STATE COMPLIANCE

2015-010 FINDING: HIRING OF NEW EMPLOYEES

Chicago State University (University) did not have sufficient controls in place to ensure compliance with University policies applicable to the hiring of certain new employees.

We selected a sample of 10 employees that were hired during fiscal year 2015 and noted the following:

- The University could not provide any documentation that the University had verified the employment history of any of the applicants.
- For seven of the new hires, the University could not provide evidence that it had verified the education credentials that were contained on the job applicant's resume.

The University Human Resources Policy Manual states "Background checks are required for all employees in full-time, part-time, and temporary positions. Background checks must be run on all candidates prior to beginning employment, regardless of whether they have been previously employed by Chicago State University or are transferring from another State university. All job offers are contingent upon satisfactory completion of the University's background check process, that may include verification of employment history, education, references, criminal record, … and any other data that may be necessary to analyze a candidate's qualifications for a position at Chicago State University."

Due to the wording of the above policy, we asked the University to clarify what exactly is required for a University background check for every employee. We were informed by University Officials that their background check will include verification of at least the last employment record, criminal record, and education verification. It may also include references, motor vehicle records, and verification of work product.

We also obtained an internal University memorandum to all search committee chairs and members that states that "the search committee shall review and evaluate the credentials of all applicants." It further states "It is important that all hiring departments keep the entire search committee's records for at least 3 years."

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

University officials stated the University's corrective measures to ensure the newly hired personnel's educational credentials and employment history were verified as well as ensuring all new hires had the minimum requirements of the job posting had not been fully implemented during the fiscal year.

Failure to perform the University required background checks, including verification of education and work experience, puts the University at risk of hiring individuals that are not capable of performing their job duties and results in noncompliance with the University's policies. It also creates a lack of transparency over the hiring process. (Finding Code Nos. 2015-010, 2014-019)

CURRENT FINDINGS – STATE COMPLIANCE

2015-010 FINDING: HIRING OF NEW EMPLOYEES (continued)

RECOMMENDATION

We recommend the University improve its procedures to ensure compliance with University policies applicable to hiring.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University has increased its pre-employment services to include background checks, verification of at least the last employment record, criminal record and education verification. The search committee memorandum will be reviewed for accuracy of process, procedures and expectations.

CURRENT FINDINGS – STATE COMPLIANCE

2015-011 FINDING: SUBSIDIES BETWEEN ACCOUNTING ENTITIES

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

During our testing of the University Guidelines, we noted the "Student Activities" accounting entity had negative cash balances at the beginning and the end of the fiscal year, (a negative cash balance is in effect an unbooked interfund payable/receivable), thereby causing a subsidy between funds to occur.

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

University officials stated that the subsidy (cash deficit) to the Athletics department originated under a prior administration. The subsidy has grown in recent years because the University joined a new athletic conference that required additional expenditures to comply with requirements of the conference.

The subsidy between accounting entities is a violation of the Guidelines. (Finding Code Nos. 2015-011, 2014-015, 2013-013, 12-23, 11-32, 10-33, 09-13)

RECOMMENDATION

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

UNIVERSITY RESPONSE

The University agrees with the recommendation. The limited financial resources to adequately fund the Intercollegiate Athletic Program (Athletic(s)) over the years has contributed to the existing negative cash balance. The recommendation to assess the student fee structure to sufficiently cover expenditures is one pathway to address the negative cash balance. The University will also need to take a more holistic approach that will include identifying other funding streams and assess existing operating costs for a more immediate resolution.

CURRENT FINDINGS – STATE COMPLIANCE

2015-012 FINDING: NONCOMPLIANCE WITH ILLINOIS STATE COLLECTION ACT

Chicago State University (University) did not comply with the requirements of the Illinois State Collection Act of 1986 (Act).

We tested a sample of 30 students (with receivables totaling $192,631) from the University's December 2014 accounts receivable aging report that had balances greater than $1,000 and were in excess of 90 days overdue. As of December 31, 2014, the University had 3,721 accounts totaling $11,114,944 that had balances greater than $1,000 and were in excess of 90 days past due. We noted 5 students (with a total receivable balance of $27,558) had not been submitted by the University for placement with the Comptroller's Offset System. As of November 11, 2015, the University had 5,778 accounts totaling $10,772,404 placed with the Comptroller's Offset System.

The Act (30 ILCS 210/5(c-1)) requires the University to place in the Comptroller's Offset System debts owed to the University that exceed $1,000 and are more than 90 days past due.

University officials stated that in fiscal year 2015, the Collections Department underwent staffing reductions that contributed to delays in the operations of the Department.

Failure to comply with the Act may result in the University not collecting all receivables that are due to the University. (Finding Code No. 2015-012)

RECOMMENDATION

We recommend that the University improve its procedures to ensure that all debts owed to the University are placed in the Comptroller's Offset System once they exceed $1,000 and are 90 days past due.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University will obtain an Accounts Receivable Report from Information Technology, isolate accounts meeting the State requirement, will call, bill, and mail final notices to students, and upload the file to the State Comptroller.

CURRENT FINDINGS – STATE COMPLIANCE

2015-013 FINDING: VOUCHER PROCESSING ERRORS

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

We tested 150 expenditures for purposes of State compliance from Contractual Services, Travel, Commodities, Equipment, Telecommunications, and Operation of Automotive Equipment and noted the following:

- Sixteen invoices (11%) were not approved for payment in a timely manner. These invoices were approved between 42 and 168 days (12 to 138 days late) after receipt of a proper bill.
- Two invoices (1%) were not dated by the fiscal officer; therefore, a determination could not be made on whether or not the invoice was approved for payment timely.
- Eleven invoices (7%) were not paid in a timely manner. The invoices were paid 102 to 247 days (12 to 157 days late) after the receipt of a proper bill.
- Two invoices (1%), totaling $6,765, contained expenditures that were recorded to the incorrect fiscal year.
- One invoice totaling $3,383 was for the purchase of bulk diesel fuel and regular unleaded gasoline. We noted that the price was significantly higher than the average market rate at that time. The University was charged $5.08 / gallon (for diesel) and $5.61 / gallon (for regular unleaded gasoline). The market rate at the time of delivery was $3.73 and $3.65.

We also tested another 79 Federal expenditures (not including student financial aid) and noted the following:

- Three invoices (4%) were not approved for payment in a timely manner. These invoices were approved between 45 to 92 days (15 to 62 days late) after receipt of a proper bill.
- Three invoices (4%) were not paid in a timely manner. These invoices were paid 93 to 196 days (3 to 106 days late) after the receipt of a proper bill.
- One invoice (1%) included charges of $15,000 that were for services performed by the vendor prior to full execution of the contract.

Generally accepted accounting principles require invoices to be recorded in the period in which the expenditures related.

Prudent business practices require all vouchers be approved (within 30 days of receipt of proper bill) and paid in a timely manner (within 90 days of receipt of proper bill) by University officials.

The Illinois Administrative Code (44 Ill. Admin. Code 5040.550) states “Purchases of fuel, oil, and related items for the operation of State-owned equipment must be made from the most economical source.” Although this rule is not binding on the University, it is still a basis for prudent business practice absent a valid explanation for the need to purchase fuels at a rate in excess of market.

CURRENT FINDINGS – STATE COMPLIANCE

2015-013 FINDING: VOUCHER PROCESSING ERRORS (continued)

The Illinois Procurement Code (30 ILCS 500/20-80(d)) (Code) states "Vendors shall not be paid for any goods that were received or services that were rendered before the contract was reduced to writing and signed by all necessary parties."

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, that provide assurance that expenditures are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

University officials stated that late processing of voucher payments was influenced by high processing volume, staff turnover and ineffective tracking of documents submitted for payment. The contract for the bulk diesel fuel and regular gasoline was not renegotiated on a timely basis after the decline of gas prices.

Untimely payments may result in vendors being unwilling to do business with the State. Late approval of contracts and invoices, lack of required approvals, and purchasing diesel and gasoline at prices in excess of market could result in a loss of State funds. Recording of expenditures in the incorrect fiscal year results in inaccurate financial statements. (Finding Code Nos. 2015-013, 2014-018, 2013-016, 12-25, 11-29, 10-34, 09-2)

RECOMMENDATION

We recommend the University improve controls to ensure that expenditures and contracts are approved and paid timely and are posted to the correct fiscal year. We further recommend that the University review pricing prior to the purchase of bulk fuel to ensure they are getting the lowest price possible.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University is updating outdated policies and procedures as well as finalizing the implementation of an Accounts Payable software module that interfaces with the Banner system.

CURRENT FINDINGS – STATE COMPLIANCE

2015-014 FINDING: INTERNAL AUDIT

Chicago State University's (University) internal auditing program did not review all major systems of internal accounting and administrative controls within a two year timeframe and did not perform a review of a new electronic documents management system prior to installation.

Our testing of the University's internal audit program indicated that no internal audits of grants received or made by the University were performed to determine that the grants were monitored, administered, and accounted for in accordance with applicable laws and regulations during fiscal years 2014 or 2015.

In fiscal year 2015, the University implemented an electronic document management system. The system is used by the Office of Admissions to gather and store student information that students provided when applying for admission to the University. The system constitutes a major change and also contains personally identifiable information. The Office of Internal Audit (OIA) did not perform the required review of the system nor did OIA provide documentation supporting the lack of review.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/2003(a)) requires 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 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. The Act further requires reviews of the design of major new electronic data processing systems and major modifications to those systems before their installation to ensure the systems provide for adequate audit trails and accountability.

University officials stated, the OIA provided extensive and comprehensive advisory and consultative services in three grant related areas; specifically, U.S. Department of Education (DOE) related to stale dated Title IV refund checks; U.S. Department of Defense (DOD) Office of Naval Research (ONR) related to research grants; and US Agency for International Development (USAID) related to the Ghana textbook and learning materials grant. The OIA felt this body of work met the substance of the requirements set forth in the Fiscal Control and Internal Auditing Act. The review of major modifications to the EDP system review was not completed as the initial assessment performed by the OIA concluded that the installation of the document management system was not major as it did not result in financial transaction or processing of records; security access to records with personal identifiable information is controlled via Banner security rules and the modification was not a new infrastructure platform.

The lack of timely internal audits over all major systems and the review of major modifications to systems prior to installation impair the University's ability to monitor the effectiveness of its system of internal controls and results in noncompliance with the Act. (Finding Code No. 2015-014)

CURRENT FINDINGS – STATE COMPLIANCE

2015-014 FINDING: INTERNAL AUDIT (continued)

RECOMMENDATION

We recommend the University comply with the Act by ensuring timely performance of audits over all major systems of internal accounting and administrative controls and performing reviews of new or major modifications to EDP systems prior to installation.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The letter of the Fiscal Control and Internal Auditing Act (FCIAA) states an 'audit' of grants is to be performed. However, given the substantial body of work performed during the year by the Office of Internal Audit (OIA) focused on grants, we contend the spirit of FCIAA was appropriately met. We provided significant, comprehensive advisory and consultation services during the year for three grants. We are in process of conducting a grants audit as part of our FY '16-17 Audit Plan. Also, with respect to the software application, it was not clear that this was a major application requiring a pre-implementation review. As a result of our subsequent research and follow-up, we agree that an implementation review should have been performed. Accordingly, we have scheduled such review in FY '16 as part of our FY '16-17 Audit Plan.

CURRENT FINDINGS – STATE COMPLIANCE

2015-015 FINDING: INADEQUATE CONTROLS OVER PERSONAL SERVICES

Chicago State University (University) did not have adequate controls over personal services.

We tested 35 employee's pay and personnel files and noted the following:

- For one (3%) employee that resigned from the University, we noted that the employee was paid a personal cell phone stipend ($57.50) on their paycheck when they were paid for their accumulated unused sick leave after termination even though the employee was no longer working.
- For one (3%) employee tested, we noted that the University could not locate the authorization signed by the employee to withhold Federal and State employment withholding taxes (Form W-4 and IL-W-4) from the paychecks.
- For one (3%) employee tested, we noted that the University could not locate the authorization signed by the employee to withhold an amount to be sent to the employee's account at a Credit Union.
- For four (11%) employees tested, we noted that the University did not have the most recent performance evaluation in the employee's personnel file.
- For one (3%) employee tested, we noted that the amount withheld from the employee's paycheck for optional life insurance did not agree to the required contributions for life insurance elected by the employee. The University under-withheld $2.48 per pay period from this employee.

We also tested a sample of 25 employees to verify that the employees had received the required ethics and sexual harassment prevention training and noted that the University could not provide documentation that 3 of the employees had ever received sexual harassment prevention training.

Proper internal controls would require the University to obtain proper deduction authorizations to withhold amounts from employees' pay. In accepting these authorizations, the University agrees to act in a fiduciary capacity and accurately withhold and remit such amounts to the appropriate third parties. Also, proper internal controls would require the University to perform annual performance evaluations for all employees.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires all State agencies to establish and maintain a system of internal fiscal and administrative controls, which shall 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.

The Illinois Human Rights Act (775 ILCS 5/2-105(B)(5)) requires the University to establish, maintain, and carryout a continuing sexual harassment prevention program that includes providing training on sexual harassment prevention and the University's sexual harassment policy as a component of all ongoing or new employee training programs.

The State Records Act (5 ILCS 160/8) requires each agency to preserve records which contain adequate and proper documentation of the University, functions, policies, decisions, procedures, and essential transactions of the University designed to furnish information to

CURRENT FINDINGS – STATE COMPLIANCE

2015-015 FINDING: INADEQUATE CONTROLS OVER PERSONAL SERVICES (continued)

protect the legal and financial rights of the State and of persons directly affected by the University's activities.

University officials stated the reduced resources contributed to the inefficiencies associated with the organization of the records. Annual performance evaluations have not been timely submitted to the Office of Human Resources due to lack of timely follow up. The inaccuracy in the employee election withholding and the over payment was a clerical error as a result of a manual process.

The payment of personal cell phone stipends when an employee is no longer working is a waste of State funds. Failure to maintain accurate withholding authorizations increases the risk that the University may pay inaccurate amounts to employees. Failure to properly calculate payroll deduction withholding items is a breach of the University's fiduciary responsibility to its employees and results in inaccurate net pay amounts to employees. Failure to perform annual performance evaluations may cause the employees not to understand their responsibilities within the University. Failure to provide (or document) sexual harassment prevention training is a violation of the State statutes. (Finding Code No. 2015-015)

RECOMMENDATION

We recommend the University recover the under-withheld life insurance contributions and personal cell phone stipend. We further recommend the University strengthen controls over personal services and ensure accurate and correct withholding of payroll deduction items, maintain complete records for deductions and training, ensure termination payouts are correctly calculated, and improve its procedures to ensure each employee receives an annual performance evaluation.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University will review its record keeping practices to ensure documents are properly returned and maintained. In addition, we will add an additional point of review for payout and benefits calculations.

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

PRIOR FINDINGS NOT REPEATED

A **FINDING: Noncompliance and Inadequate Controls Over Advances to Employees**

Chicago State University (University) did not maintain appropriate controls over advances made to employees that were provided to pay for University expenses and did not comply with Internal Revenue Service (IRS) regulations related to amounts advanced that were not substantiated under an accountable plan. (Finding Code No. 2014-001)

Status – Not repeated

Our sample testing of employee advances did not identify any instances where expenditure of funds were not substantiated by submitted receipts or funds returned to the University.

B **FINDING: Inadequate Controls over Payroll and Purchasing Cards**

Chicago State University's (University) did not have sufficient controls in place over certain payroll and purchasing card functions. (Finding Code No. 2014-003)

Status – Not repeated

Our sample testing did not identify any instances of Department heads hiring relatives or circumvention of the University's purchasing card controls.

C **FINDING: Inadequate Controls and Noncompliance with Requirements Applicable to the Textbooks & Learning Materials Program**

Chicago State University's (University) controls over the compliance requirements of allowable costs and cost principles, procurement, reporting, cash management, and special contract terms & provisions related to its Textbook & Learning Materials Program did not function as designed. (Finding Code No. 2014-004)

Status – Not repeated

This Federal program ended in fiscal year 2014 and University did not receive any new funding for this program during fiscal year 2015.

D **FINDING: Return of Title IV Funds**

Chicago State University (University) did not properly calculate and remit the correct amount of "Title IV Funds" to the Department of Education (ED) for students who withdrew from classes. (Finding Code Nos. 2014-005, 2013-004, 12-11, 11-9, 10-12)

Status – Not repeated

Our sample testing of Return of Title IV Funds calculations did not identify any instances of noncompliance.

PRIOR FINDINGS NOT REPEATED

E **FINDING: Inaccurate Completion of the Fiscal Operations Report**

Chicago State University (University) did not report accurate information when completing its Fiscal Operations Report (FISAP) relating to its Title IV Student Financial Assistance programs. (Finding Code Nos. 2014-007, 2013-009, 12-17, 11-25, 10-21)

Status – Not repeated

Our sample testing of the FISAP did not identify any instances of inaccurate reporting.

F **FINDING: Controls Over Loan Counseling**

Chicago State University's (University) controls over conducting loan counseling for students that received Federal Direct Student Loan (FDL) were inadequate. (Finding Code No. 2014-008)

Status – Not repeated

Our sample testing did not identify any exceptions related to loan counseling.

G **FINDING: Transfer Student Financial Aid Disbursements**

Chicago State University (University) failed to wait the required timeframe prior to making disbursements of Title IV funding to students transferring into the University. (Finding Code No. 2014-009)

Status – Not repeated

Our sample testing did not identify any exceptions where the University failed to wait the required timeframe prior to making disbursements to transfer students.

H **FINDING: Federal Direct Student Loans Monthly Reconciliations**

Chicago State University (University) performed the required monthly reconciliations of its Federal Direct Student Loan (FDL) Program; however, the mid-year reconciliations included unexplained variances that the University chose not to resolve until the final reconciliation for the fiscal year. (Finding Code Nos. 2014-010)

Status – Not repeated

Our sample testing of mid-year reconciliations did not identify any instances of unexplained variances.

I **FINDING: Noncompliance with the Reporting Requirements Applicable to the Strengthening Minority-Serving Institutions Program**

PRIOR FINDINGS NOT REPEATED

Chicago State University's (University) controls over the compliance requirement of reporting applicable to its Strengthening Minority-Serving Institution program were inadequate. (Finding Code Nos. 2014-011, 2013-007)

Status – Not repeated

Our sample testing of reports for this program did not identify any noncompliance.

J **FINDING: Noncompliance with the Reporting Requirements Applicable to the Higher Education Institutional Aid Program**

Chicago State University's (University) controls over the compliance requirement of reporting applicable to its Higher Education Institutional Aid program were inadequate. (Finding Code No. 2014-012)

Status – Not repeated

Our sample testing of reports for this program did not identify any noncompliance.

K **FINDING: Senior Citizens Courses Act**

Chicago State University (University) did not fully comply with the requirements of the Senior Citizens Course Act (Act). (Finding Code No. 2014-014)

Status – Not repeated

Our sample testing did not identify any instances of noncompliance with the requirements of the Act.

L **FINDING: Higher Education Veterans Service Act**

Chicago State University (University) did not fully comply with the requirements of the Higher Education Veterans Service Act (Act). (Finding Code No. 2014-017)

Status – Not repeated

Our testing did not identify any instances of noncompliance with the Act.

M **FINDING: Failure to Report the Aggregate Amount of Bills Held to the State Comptroller**

Chicago State University (University) failed to submit an annual report aggregating the amount of bills held to the Illinois Office of the Comptroller (IOC). (Finding Code No. 2014-020)

Status – Not repeated

The University submitted to the IOC an annual report aggregating the amount of bills held at the end of the fiscal year.

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

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

- Fiscal Schedules and Analysis:
  - Schedule of Expenditures of Federal Awards
  - Notes to the Schedule of Expenditures of Federal Awards
  - Schedule of Appropriations, Expenditures and Lapsed Balances
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Comparative Schedule of Income Fund Revenues and Expenditures
  - Schedule of Changes in State Property
  - Schedule of Cash Receipts (Treasury Held Funds)
  - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
  - Analysis of Significant Variations in Revenues and Expenses
  - Comparative Schedule of Cash, Temporary Cash Investments, and Investments - at Market Value
  - Analysis of Significant Account Balances
  - Analysis of Significant Lapse Period Expenditures
  - Analysis of Accounts Receivable
  - Schedule of Sources and Applications of Indirect Cost Recoveries
  - Schedule of Federal Expenditures, Nonfederal Expenses, and New Loans

- Analysis of Operations (Unaudited)
  - Agency Functions and Planning Program (Unaudited)
  - Average Number of Employees (Unaudited)
  - Comparative Enrollment Statistics (Unaudited)
  - Comparative Schedule of Unrestricted Current Fund Expenditures per Full-time Equivalent Students (Unaudited)
  - Emergency Purchases (Unaudited)
  - Illinois First Program (Unaudited)
  - Bookstore Information (Unaudited)
  - Schedule of Degrees Conferred (Unaudited)
  - Schedule of Tuition and Fee Waivers (Unaudited)
  - Special Data Requirements for Audits of Universities:
    - University Reporting in Accordance With University Guidelines (Unaudited)
    - Schedule of Indirect Cost Funds to be Deposited into the University Income Fund as Required by the 1982 University Guidelines (As Amended 1997) (Unaudited)
    - Schedule of Excess Funds Calculation by Entity as required by the 1982 University Guidelines (As Amended 1997) (Unaudited)
    - Entities' Financial Statements:
      - Balance Sheets (Unaudited)
      - Statement of Revenues, Expenditures and Transfers - Current Unrestricted Funds (Unaudited)
      - Statement of Changes in Fund Balance – Current Unrestricted Funds (Unaudited)
      - Statement of Changes in Fund Balance – Plant Funds (Unaudited)
    - Summary of Foundation Cash Support to the University (Unaudited)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the supplementary information presented in Schedules 1 through 15 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, it is fairly stated in all material respects in relation to the basic financial statements from which it has been derived. The accountants' report also states the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Program/Grant Title	CFDA Number	Pass-Through Grantor's No.	Expenditures	Passed-Through to Sub-recipients
STUDENT FINANCIAL ASSISTANCE CLUSTER *				
DEPARTMENT OF EDUCATION				
Federal Supplemental Educational Opportunity Grants	84.007		$ 266,221	$ -
Federal Work-Study Program	84.033		582,011	-
Federal Perkins Loan Program (Note 2)	84.038		-	-
Federal Pell Grant Program	84.063		11,308,440	-
Federal Direct Student Loans (Note 3)	84.268		-	-
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		66,679	-
Total Department of Education			12,223,351	-
DEPARTMENT OF HEALTH & HUMAN SERVICES				
Scholarships for Health Professions Students from Disadvantaged Backgrounds				
Scholarships for Disadvantaged Students	93.925		108,014	-
Total Department of Health & Human Services			108,014	-
Total Student Financial Assistance Cluster			12,331,365	-
RESEARCH AND DEVELOPMENT CLUSTER *				
NATIONAL SCIENCE FOUNDATION				
Mathematical & Physical Sciences				
RUI: Studies of Relativistic Heavy Ions Collisions in ALICE at the LHC	47.049		112,356	-
Collaborative Research: Algorithms for Threat Detection via Geometry of Virus Genome Space	47.049		27,451	-
Passed Through Union College				
Analyzing H Observations of MKW 10	47.049	47831-2 & 47831-8	12,000	-
			151,807	-
Education and Human Resources				
Establishing a Supportive Environment for the Recruitment, Preparation, and Retention of the Urban Science Teacher	47.076		78,330	-
Urban Science, Technology, Engineering, and Mathmatics Talent Expansion Program	47.076		96,520	27,908
Increasing Chemistry and Physics Graduates at CSU	47.076		62,965	-
Pilot Regional Louis Stokes Center: Midwest Center of Excellence	47.076		928,069	147,510
Louis Stokes Bridge to Doctorate	47.076		355,909	308,500
			1,521,793	483,918
Total National Science Foundation			1,673,600	483,918
DEPARTMENT OF DEFENSE				
Centers for Academic Excellence				
Intelligence and Cybersecurity Education and Research	12.598		114,428	-
Basic, Applied, and Advanced Research in Science and Engineering				
Electrochemical Positioning of Ordered Nanostructures	12.630		265,141	-
Total Department of Defense			379,569	-
NATIONAL INSTITUTES OF HEALTH				
Minority Health and Health Disparities Research				
Passed Through Pacific Institute for Research & Evaluation				
HIV/STD Prevention Program	93.307	R01MD004125-04	24,600	-
Drug Abuse and Addiction Research Programs				
Urban Mindfulness and Addictions Research	93.279		467,904	-
Biomedical Research and Research Training				
Student Development at Chicago State University	93.859		334,690	-
Role of Serum Amyloid A In Interferon-gamma Expression and T Helper 1 Cell Differ	93.859		79,320	-
Intracellular Signaling During Phagocytosis	93.859		40,693	-
Gut Circadian Clock & Malatonin Dynamics Following Major Thermal Injury	93.859		84,899	-
			539,602	-

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Program/Grant Title	CFDA Number	Pass-Through Grantor's No.	Expenditures	Passed-Through to Sub-recipients
Cancer Centers Support Grants				
Chicago South Side Cancer Disparities Initiative	93.397		155,491	-
Total National Institutes of Health			1,187,597	-
Total Research and Development Cluster			3,240,766	483,918
OTHER PROGRAMS				
DEPARTMENT OF EDUCATION				
Higher Education_Institutional Aid *				
Predominantly Black Institutions Program	84.031		170,409	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities				
Combined Priority for Personnel Prep.	84.325		119,973	-
Graduate Research Opportunities for Minority Students				
Minorities and Retirement Security Program	84.414		85,848	-
Special Education-State Personnel Development				
Passed through Southern Illinois University				
IDEA: State Personnel Development Program	84.323	763944	13,014	-
TRIO CLUSTER				
TRIO _ Student Support Services	84.042		315,437	-
TRIO _ Upward Bound				
Project Fame/Upward Bound	84.047		531,166	-
TRIO _ Educational Opportunity Centers	84.066		271,382	-
Total TRIO Cluster			1,117,985	-
Strengthening Minority-Serving Institutions *				
Masters Degree Programs at Predominantly Black Institutions	84.382		423,969	-
The Center for STEM Education & Research at CSU	84.382		604,004	62,759
			1,027,973	62,759
Total Department of Education			2,535,202	62,759
DEPARTMENT OF HEALTH & HUMAN SERVICES:				
TANF CLUSTER				
Temporary Assistance for Needy Families				
Passed Through the Illinois Department of Human Services	93.558	81XQ464TS1/FCSRG00283	146,600	-
Total Department of Health & Human Services			146,600	-
DEPARTMENT OF AGRICULTURE				
Agriculture and Food Research Initiative (AFRI)				
High-throughput Screening of Wheat Breeding Lines Against Fungal Pathogens Using a Quantitative RT-PCR-based Approach	10.310		2,364	-
Passed Through the University of Minnesota				
DOA: Complex Molecular Control	10.310	60604	9,884	-
			12,248	
CHILD NUTRITION CLUSTER				
Summer Food Service Program for Children				
Passed Through the Illinois State Board of Education				
Project Fame Upward Bound Summer Food Program	10.559	15016315P00	5,120	-
Total Department of Agriculture			17,368	-
DEPARTMENT OF JUSTICE				
Second Chance Act Reentry Initiative				
Pass through Bureau of Justice Assistance/Safer Foundation				
Accelerating Reentry for Returning Personnel	16.812	BJA-2014-3877	26,203	-
Total Department of Justice			26,203	-

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Program/Grant Title	CFDA Number	Pass-Through Grantor's No.	Expenditures	Passed-Through to Sub-recipients
DEPARTMENT OF TRANSPORTATION				
University Transportation Centers Program				
Passed Through Purdue University				
Study of Usage Potential of Proposed Expanded Commuter Rail	20.701	4108-47669	18,322	-
Total Department of Transportation			18,322	-
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Science				
Passed Through University of Illinois at Urbana-Champaign				
Space Grant Consortium	43.001	NNX10AK65H	72,679	-
Total National Aeronautics and Space Administration			72,679	-
U. S. SMALL BUSINESS ADMINISTRATION				
Small Business Development Centers				
Passed Through IL. Dept. of Commerce & Economic Opportunities				
Greater Southside Small Business Development Center	59.037	11-801176	100,403	-
Total U. S. Small Business Administration			100,403	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 18,488,908	$ 546,677

* Denotes Major Programs

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes federal grants of the University and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "*Audits of State, Local Governments, and Non-Profit Organizations*." Some amounts presented in this schedule may differ from amounts presented, or used in the preparation of the basic financial statements.

2. LOANS OUTSTANDING

The University had the following loan balances outstanding at June 30, 2015 for which continuing compliance requirements remain. These loan balances are not included in the federal expenditures presented in the schedule.

FEDERAL PERKINS LOAN PROGRAM

The Perkins Loan receivable from program inception through the year ended June 30, 2015 totaled $1,729,369. Loan advances for the year ended June 30, 2015 totaled $148,859. Interest income on loans totaled $17,257.

3. FEDERAL DIRECT STUDENT LOANS

During the year ended June 30, 2015, the University participated in the William D. Ford Federal Direct Student Loan Program sponsored by the U.S. Department of Education. Neither the loans nor the related activity have been reflected in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2015.

The lender is the Federal government (via the school). The University is responsible for completing portions of the loan applications, verifying student eligibility, filing student status confirmation reports (SSCR), refunding money to the lender when appropriate and requesting funds from the U.S. Department of Education when disbursing loans.

During the year ended June 30, 2015, the University's students or their parents were awarded the following loans:

Direct Unsubsidized Loans	$	37,301,201
Direct Subsidized Loans		11,822,368
Direct Parent Plus Loans		1,024,779
Direct Graduate Plus Loans		4,669,520
Total	$	54,817,868

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2015

FOURTEEN MONTHS ENDED AUGUST 31, 2015

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2015	Lapse Period Expenditures (July 1-Aug 31)	Total Expenditures	Balances Lapsed
EDUCATION ASSISTANCE FUND (0007)					
Public Act 98-0678 (amended by Public Act 99-0001)					
Personal Services	$ 34,738,600	$ 34,488,212	$ 60,188	$ 34,548,400	$ 190,200
Group Insurance	1,001,000	1,001,000	-	1,001,000	-
Awards and Grants	102,100	-	99,300	99,300	2,800
Subtotal	35,841,700	35,489,212	159,488	35,648,700	193,000
Public Act 98-0678 (amended by Public Act 99-0001)					
Grant to Financial Assistance Outreach Center	488,800	221,595	231,598	453,193	35,607
Total Education Assistance Fund (0007)	36,330,500	35,710,807	391,086	36,101,893	228,607
GENERAL PROFESSIONS DEDICATED FUND (0022)					
Public Act 98-0678					
Pharmacy Practice Education Training	307,000	-	307,000	307,000	-
Total General Professions Dedicated Fund (0022)	307,000	-	307,000	307,000	-
CHICAGO ST UNIV ED IMPROVEMENT FUND (0223)					
Public Act 98-0678					
Any Expenses - (Scholarships)	1,600,000	1,086,853	513,147	1,600,000	-
Total Chicago St Univ Ed Improvement Fund (0223)	1,600,000	1,086,853	513,147	1,600,000	-
TOTAL - ALL APPROPRIATIONS	$ 38,237,500	$ 36,797,660	$ 1,211,233	$ 38,008,893	$ 228,607

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

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

FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015 PUBLIC ACTS 98-0678 99-0001	2014 PUBLIC ACTS 98-0033 98-0035 98-0642
EDUCATION ASSISTANCE FUND (0007)		
APPROPRIATIONS	$ 36,330,500	$ 37,262,800
EXPENDITURES		
Personal Services	34,548,400	35,634,400
Group Insurance	1,001,000	1,024,000
Grant to Financial Assistance Outreach Center	453,193	438,405
Awards and Grants	99,300	104,400
Total expenditures	36,101,893	37,201,205
Lapsed balances	228,607	61,595
GENERAL PROFESSIONS DEDICATED FUND (0022)		
APPROPRIATIONS	307,000	307,000
EXPENDITURES		
Pharmacy Practice Education Training		
Total expenditures	307,000	307,000
Lapsed balances	-	-
CHICAGO ST UNIV ED IMPROVEMENT FUND (0223)		
APPROPRIATIONS	1,600,000	4,600,000
EXPENDITURES		
Any Expenses - (Scholarships)		
Total expenditures	1,600,000	4,600,000
Lapsed balances	-	-
GRAND TOTAL		
APPROPRIATIONS	38,237,500	42,169,800
EXPENDITURES	38,008,893	42,108,205
TOTAL LAPSED BALANCES	$ 228,607	$ 61,595

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015
(With comparative totals for the year ended June 30, 2014)

	2015	2014
INCOME FUND REVENUES		
Tuition Revenue	$ 39,748,810	$ 36,543,817
Laboratory Fee	204,535	233,990
Late Registration Fee	71,300	40,900
NSF Check Fee	2,065	740
Deferred Payment Fee	53,800	55,600
Graduation Fee-Undergraduate	31,340	38,975
Graduation Fee-Graduate	11,615	10,310
Transcript Fee	64,400	68,195
Application Fee	113,999	115,987
Interest Income	4,764	7,300
Miscellaneous Other Income	666,938	11,544
TOTAL INCOME FUND REVENUES	$ 40,973,566	$ 37,127,358
INCOME FUND EXPENDITURES		
Personal Services	$ 19,474,459	$ 24,062,275
SURS Retirement	-	29,150
Social Security	885,641	1,021,694
Contractual Services	8,801,189	10,069,361
Travel	426,804	541,040
Commodities	1,135,022	1,765,623
Equipment and Library Books	1,437,476	1,097,599
Telecommunications	307,570	561,525
Operation of Automotive Equipment	44,499	59,700
Permanent Improvements	27,088	698,674
Awards, Grants, and Matching Funds	325,383	509,969
Tuition and Fee Waivers	3,472,692	1,763,751
Other Expenditures	329	386
TOTAL INCOME FUND EXPENDITURES	$ 36,338,152	$ 42,180,747

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF CHANGES IN STATE PROPERTY
FOR THE YEAR ENDED JUNE 30, 2015

(In thousands)

	Beginning Balance at June 30, 2014	Additions	Retirements	Reclassifications	Net Transfers (CDB)	Ending Balance at June 30, 2015
Land	$ 9,611	$ -	$ -	$ -	$ -	$ 9,611
Site Improvements	16,384	-	-	(1,304)	-	15,080
Buildings and Building Improvements	189,135	111	-	1,984	-	191,230
Equipment	31,926	1,709	(1,110)	-	-	32,525
Capital Lease Assets	296	-	-	-	-	296
Intangible Assets	545	631	-	-	-	1,176
Library Books	12,831	280	-	-	-	13,111
Construction In-Progress	7,200	7,722	-	(680)	6,761	21,003
TOTAL	$ 267,928	$ 10,453	$ (1,110)	$ -	$ 6,761	$ 284,032

This Schedule has been reconciled to Quarterly Reports of State Property submitted to the State Comptroller

This summary schedule was prepared using State property records required by the Illinois Administrative Code. The capitalization policy in the Code is different than the capitalization policy established by the Office of the Comptroller for financial reporting in accordance with generally accepted accounting principles.

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Totals for the year ended June 30, 2014)

Schedule 7

SCHEDULE OF CASH RECEIPTS (Treasury Held Funds)

	2015	2014
Chicago St Univ Ed Improvement Fund 0223		
Interfund cash transfer from State Gaming Fund 0129	$ 1,600,000	$ 1,600,000
Cash receipt from State Gaming Fund 0129	-	3,000,000
Interest deposited directly into the State Treasury	5,496	5,401
Total receipts	$ 1,605,496	$ 4,605,401

Schedule 8

RECONCILATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER

Chicago St Univ Ed Improvement Fund 0223		
Receipts per University records	$ 1,605,496	$ 4,605,401
Plus deposits in transit - beginning of year	3,000,000	-
Less deposits in transit - end of year	-	(3,000,000)
Deposits per Comptroller	$ 4,605,496	$ 1,605,401

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

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

	FY15	FY14	$ Difference	% Difference
REVENUES				
FEDERAL GRANTS AND CONTRACTS: The decrease is due to the completion of various grants and contracts in fiscal year 2014 that were not renewed in fiscal year 2015. The largest one was the grant from the U.S. Agency for International Development for the Textbook and Learning Materials Program for approximately $3.6 million.	$ 6,807,501	$ 10,649,241	$ (3,841,740)	-36%
EXPENSES				
PUBLIC SERVICE: During the fiscal year, personal services expenditures were down due to unfilled positions and job eliminations. As a result of State funding reductions, other expenditures in this category also decreased due to curtailment initiatives.	$ 936,499	$ 1,497,384	$ (560,885)	-37%
OTHER NON OPERATING REVENUES, EXPENSES, GAINS OR LOSSES				
CAPITAL APPROPRIATIONS AND GRANTS: The increase reflects various capital projects including the Robinson Center upgrade, eletrical system upgrade, and the remodeling of the Cottage Grove property. These were funded through grants from and appropriations to the Illinois Capital Development Board.	$ 14,322,576	$ 3,017,640	$ 11,304,936	375%
CAPITAL GIFTS: Capital gifts primarily reflect donations of computers and computer cable wiring to the University.	$ 568,561	$ -	$ 568,561	100%

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
COMPARATIVE SCHEDULE OF CASH, TEMPORARY CASH INVESTMENTS,
AND INVESTMENTS - AT MARKET VALUE
AS OF JUNE 30, 2015
(With Comparative Totals as of June 30, 2014)

	2015	2014
By Depository		
Cash and temporary cash investments:		
Cash on hand	$ 31,038	$ 37,206
Cash equity with the State Treasurer	524,043	88,274
Citibank, Chicago, Illinois, Money Market Account	13,286,268	527,741
Checking accounts:		
Urban Partnership Bank, Chicago, Illinois, Depository Account	-	19,613
Urban Partnership Bank, Chicago, Illinois, Checking Account	-	498
Urban Partnership Bank, Chicago, Illinois, HHS Account	-	103,186
Citibank, Chicago, Illinois, Vendor Disbursement Account	(3,712)	(524,632)
Citibank, Chicago, Illinois, Student Disbursement Account	125,751	(4,993)
Citibank, Chicago, Illinois, Various ACH	55,706	50,520
Citibank, Chicago, Illinois, TMS Account	61,399	5,415
Chase, Chicago, Illinois, Payroll Account	56,472	163,839
The Illinois Funds, Springfield, Illinois, Clearing Fund	8,478,273	5,602,583
Seaway National Bank, Chicago, Illinois, Checking	9,219	7,957,074
Seaway National Bank, Chicago, Illinois, Cougar Card	803,119	6,869
Seaway National Bank, Chicago, Illinois, Cashier's Depository	583,216	622,566
Highland Community Bank, Chicago, Illinois, Checking	-	250,000
Total Cash and Cash Equivalents	**$ 24,010,792**	**$ 14,905,759**
Certificate of Deposit		
Highland Community Bank, Chicago, Illinois	$ 250,000	$ -
Total Certificate of Deposit	**$ 250,000**	**$ -**
Total	**$ 24,260,792**	**$ 14,905,759**
By Fund		
Unrestricted Current Funds	$ 20,181,995	$ 11,020,358
Restricted Current Funds	5,138,062	4,930,001
Loan Funds	10,534	24,792
Plant Funds	(1,251,016)	(1,246,349)
Agency Funds	181,217	176,957
Total Cash and Cash Equivalents	**$ 24,260,792**	**$ 14,905,759**

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STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

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

	June 30, 2015	June 30, 2014	$ Difference	% Difference
ASSETS				
CASH EQUITY WITH STATE TREASURER: The increase in the balance at year end includes unreimbursed funds at June 30, that were reimbursed to the University during the lapse period.	$ 524,043	$ 88,274	$ 435,769	494%
CASH AND CASH EQUIVALENTS: The increase was mainly due to cost curtailment practices during fiscal year 2015, an increase in the accounts payable balance, and a decease in the accounts receivable balance.	$ 18,348,687	$ 9,887,484	$ 8,461,203	86%
CERTIFICATE OF DEPOSIT: The University deposited some funds into a certificate of deposit during fiscal year 2015.	$ 250,000	$ -	$ 250,000	100%
BALANCE IN STATE APPROPRIATION: Balance in State appropriation decreased due to improved collections from the State during this fiscal year.	$ 5,541,430	$ 7,255,692	$ (1,714,262)	-24%
SECURITIES LENDING COLLATERAL EQUITY OF STATE TREASURER: The increase represents the University's asset for the lending collateral from the State of Illinois for the University's interest in State-held cash.	$ 300,848	$ -	$ 300,848	100%
ACCOUNTS RECEIVABLE, NET: The balance in accounts receivable decreased mainly due to a large receivable related to grants being collected in fiscal year 2015.	$ 5,817,866	$ 8,127,737	$ (2,309,871)	-28%
DEFERRED OUTFLOWS				
PENSION CONTRIBUTIONS AFTER MEASUREMENT DATE: Due to the implementation of GASB 68 in fiscal year 2015, the University is required to record a deferred outflow for any contributions made subsequent to the pension liability measurement date.	$ 318,777	$ -	$ 318,777	100%
LIABILITIES				
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES: The increase represents bills unpaid at year-end, including large amounts for the Douglas Hall remodeling project and an information technolgy ERP system.	$ 9,210,015	$ 6,200,294	$ 3,009,721	49%
OBLIGATIONS UNDER SECURITIES LENDING OF STATE TREASURER: The increase represents the University's liability for lending collateral for the State of Illinois against the State-held cash.	$ 300,848	$ -	$ 300,848	100%
UNEARNED REVENUE: The decline in unearned revenue was due to the University expending various grants for upgrades to Univeristy facilities that previously were reported as unearned revenue.	$ 3,873,633	$ 5,691,455	$ (1,817,822)	-32%
INTANGIBLE ASSET PAYABLE: The University entered into a 5 year contract renewal for its computer software duirng fiscal year 2015.	$ 299,381	$ 8,286	$ 291,095	3513%

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF SIGNIFICANT LAPSE PERIOD EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015

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

	Lapse Period Expenditures	Total Expenditures	%
EDUCATION ASSISTANCE FUND (0007)			
Awards and Grants Payments for awards and grants which were paid locally by 6/30/15 were submitted to the Comptroller's office in the lapse period for reimbursement.	$ 99,300	$ 99,300	100%
Grant to Financial Assistance Outreach Center Payments for the grant were paid locally by 6/30/15 then were submitted to the Comptroller's office in the lapse period for reimbursement.	$ 231,598	$ 453,193	51%
GENERAL PROFESSIONS DEDICATED FUND (0022)			
Pharmacy Practice Education Training Payments for contractual services, commodities, permanent improvements, and equipment which were paid locally by 6/30/15 were submitted to the Comptroller's office in the lapse period for reimbursement.	$ 307,000	$ 307,000	100%
CHICAGO ST UNIV ED IMPROVEMENT FUND (0223)			
Any Expenses - (Scholarships) Scholarships awarded were paid locally by 6/30/15 were submitted to the Comptroller's office in the lapse period for reimbursement.	$ 513,147	$ 1,600,000	32%

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF ACCOUNTS RECEIVABLE
AS OF JUNE 30, 2015
(With Comparative Totals as of June 30, 2014)

Balance Sheet at June 30 of	2015	2014	Change
Accounts Receivable (Net)			
Current Unrestricted Fund	$ 2,107,653	$ 2,178,582	$ (70,929)
Current Restricted Fund	3,710,213	5,949,155	(2,238,942)
Total Accounts Receivable (Net)	$ 5,817,866	$ 8,127,737	$ (2,309,871)
Accounts Receivable - All Funds at Gross	$ 17,134,330	$ 18,705,876	$ (1,571,546)
Less: Allowance for Uncollectible Accounts	(11,316,464)	(10,578,139)	(738,325)
Total Accounts Receivable (Net)	$ 5,817,866	$ 8,127,737	$ (2,309,871)
Aging of Current Unrestricted Fund			
Current (less than one year)	$ 2,129,138	$ 1,372,211	$ 756,927
One year past due	1,398,460	1,118,217	280,243
Two years past due	896,339	1,816,836	(920,497)
Three years past due	1,684,024	2,211,882	(527,858)
Older than three years past due	7,246,284	6,061,189	1,185,095
Total Current Unrestricted Fund-Gross	13,354,245	12,580,335	773,910
Allowance for Uncollectible Accounts	(11,246,592)	(10,401,753)	(844,839)
Balance Sheet - Current Unrestricted Fund (Net)	$ 2,107,653	$ 2,178,582	$ (70,929)

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF SOURCES AND APPLICATIONS OF
INDIRECT COST RECOVERIES
FOR THE YEAR ENDED JUNE 30, 2015

SOURCES:	
Direct federal awards	$ 742,738
State awards	95,928
Local and private funds	2,382
Total Sources	841,048
APPLICATIONS:	
Compensation and benefits	575,249
Contractual	109,489
Travel	29,659
Commodities	20,336
Equipment	62,730
Other expenses	4,000
Total Applications	801,463
Excess (Deficit) of Sources Over Applications	39,585
TRANSFERS	
Transfer of excess funds to Income Fund	(311,539)
Total Transfers	(311,539)
FUND BALANCE, BEGINNING OF YEAR	626,863
FUND BALANCE, END OF YEAR	$ 354,909

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
SCHEDULE OF FEDERAL EXPENDITURES, NONFEDERAL EXPENSES, AND NEW LOANS
FOR THE YEAR ENDED JUNE 30, 2015

(expressed in thousands)

Schedule A - Federal Financial Component		
Total Federal Expenditures Reported on SEFA schedule	$ 18,489	
Total New Loans made not included on SEFA Schedule	54,967	
Amount of Federal Loan Balances at Beginning of the Year (not included on the SEFA schedule and continued compliance is required)	1,726	
Other noncash Federal Award Expenditures (not included on SEFA schedule)	-	
Total Schedule A	$ 75,182	
Schedule B - Total Financial Component		
Total Operating Expenses (From Financial Statements)	$ 146,776	
Total Nonoperating Expenses (From Financial Statements)	704	
Total New Loans made	54,967	
Amount of Federal Loan Balances at Beginning of the Year	1,726	
Other noncash Federal award expenditures	-	
Total Schedule B	$ 204,173	
Schedule C		**Percent**
Total Schedule A	$ 75,182	36.8%
Total Non-Federal Expenses	$ 128,991	63.2%
Total Schedule B	$ 204,173	100.0%

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

AGENCY FUNCTIONS AND PLANNING PROGRAM

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

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. The plan will guide the University until 2015. The plan is anticipated to be updated after installation of the new University President in 2016.

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

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.

AGENCY FUNCTIONS AND PLANNING PROGRAM (continued)

The 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 President of the University through December 31, 2015 was Dr. Wayne Watson. The current President of the University is Dr. Thomas J. Calhoun whose office is located at:

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

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Average Number of Employees

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

	2015	2014
Faculty and Staff	794	876
Students	231	275
TOTAL	1,025	1,151

Comparative Enrollment Statistics

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

	2015	2014
Head Count:		
Undergraduate	3,554	4,015
Graduate	1,264	1,282
TOTAL	4,818	5,297
Credit Hours:		
Undergraduate	86,879	99,081
Graduate	27,976	28,401
TOTAL	114,855	127,482

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Comparative Enrollment Statistics (Continued)

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

Chicago State University Enrollment Summary 2002-2015

Term	Undergraduates	Graduates	Total
Fall '02	4,979	2,179	7,158
Fall '03	4,904	2,136	7,040
Fall '04	4,867	1,968	6,835
Fall '05	5,160	1,971	7,131
Fall '06	5,167	1,868	7,035
Fall '07	5,217	1,593	6,810
Fall '08	5,211	1,609	6,820
Fall '09	5,398	1,837	7,235
Fall '10	5,675	1,687	7,362
Fall '11	5,280	1,602	6,882
Fall '12	4,618	1,489	6,107
Fall '13	4,340	1,361	5,701
Fall '14	3,912	1,299	5,211
Fall '15	3,461	1,306	4,767

Chicago State University Enrollment Demographics - Fall 2015

Category	Number	Percent
Full-time	2,741	57.5%
Part-time	2,026	42.5%
Male	1,464	30.7%
Female	3,272	68.6%
Undeclared	31	0.7%
Freshman	504	10.6%
Sophomores	527	11.0%
Juniors	1,024	21.5%
Seniors	1,381	29.0%
Other Undergraduates	25	0.5%
Graduates	1,306	27.4%

Credit Hour Production - Entire Academic Year

College	Credit Hours
Pharmacy	11,941
Arts & Science	50,166
Business	13,650
Education	12,645
Health Sciences	19,476
Special Programs	4,807
Undecided/Undeclared	2,170
TOTAL	114,855

STATE OF ILLINOIS
CHICAGO STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

COMPARATIVE SCHEDULE OF UNRESTRICTED CURRENT FUND EXPENDITURES PER FULL-TIME EQUIVALENT STUDENTS

	2015		2014	
	Total Costs	Total Semester Cost Per Full-Time Equivalent*	Total Costs	Total Semester Cost Per Full-Time Equivalent*
Direct salary	$ 23,514,115	$ 2,900	$ 24,596,199	$ 2,741
Indirect instruction	754,292	93	789,004	88
Departmental research	136,202	17	142,470	16
Departmental overheads	3,115,432	384	4,403,221	490
College or school overheads	6,637,640	819	7,670,908	855
Subtotal of Department and College Cost	34,157,681	4,213	37,601,802	4,190
Overhead support unique to college costs	1,376,924	170	2,165,661	241
All other academic support	5,978,841	738	8,493,144	946
Student services	4,809,157	593	3,679,397	410
Institutional support	4,632,361	571	5,200,282	580
Subtotal of Department and College Costs with University Overheads	50,954,964	6,285	57,140,286	6,367
Operation and maintenance of physical plant	11,116,864	1,371	13,760,997	1,533
TOTAL OF ALL COSTS	$ 62,071,828	$ 7,656	$ 70,901,283	$ 7,900

* 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.

EMERGENCY PURCHASES (Unaudited)

The University did not make any emergency purchases relating to FY 15.

ILLINOIS FIRST PROGRAMS (Unaudited)

The University does not have any Illinois First Programs.

BOOKSTORE INFORMATION (Unaudited)

The University has a contract with a bookstore for the period from July 1, 2010 through June 30, 2015. The contract with the bookstore has the following terms:

1. 9.1% of all gross revenues up to $3,000,000; and
2. 11.1% of all gross revenues over $3,000,000 with
3. A minimum guaranteed commission of $175,000

During FY 15 the bookstore had gross revenue of $1,628,278 and the University earned commissions of $175,000. The bookstore has been given exclusive rights to sell books on campus.

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SCHEDULE OF DEGREES CONFERRED

The University conferred degrees during the years ended June 30, 2015 and 2014 as follows:

	2015	2014
Bachelors Degrees	661	692
Post-Baccalaureate Certificates	1	-
Masters Degrees	216	195
Doctoral	7	10
Professional (Pharm D)	63	96
Total Degrees conferred	948	993

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SCHEDULE OF TUITION AND FEE WAIVERS - UNDERGRADUATE

(in thousands of dollars)	Tuition		Fees	
	Number of Waivers	Value of Waivers	Number of Waivers	Value of Waivers
MANDATORY WAIVERS (SUBTOTAL)	272	$ 1,084.3	28	$ 18.6
ROTC	22	87.4	22	3.8
DCFS	6	51.0	6	14.8
Children of Employees	34	117.8	-	-
Senior Citizens	23	36.7	-	-
Illinois Veterans Grants (IVG)	153	608.6	-	-
Illinois National Guard	28	165.9	-	-
Prisoners of War/MIA	6	16.9	-	-
DISCRETIONARY WAIVERS (SUBTOTAL)	202	$ 766.0	74	$ 53.1
Civil Service	75	154.8	74	53.1
Athletic	34	254.1	-	-
Gender Equity in Intercollegiate Athletics	22	237.2	-	-
Student Need - Special Programs	71	119.9	-	-
TOTAL	474	$ 1,850.3	102	$ 71.7

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SCHEDULE OF TUITION AND FEE WAIVERS - GRADUATE

(in thousands of dollars)	Tuition		Fees	
	Number of Waivers	Value of Waivers	Number of Waivers	Value of Waivers
MANDATORY WAIVERS (SUBTOTAL)	41	$ 98.3	41	$ 27.8
Teacher/Special Education	41	98.3	41	27.8
DISCRETIONARY WAIVERS (SUBTOTAL)	102	$ 239.8	74	$ 56.3
Faculty/Administrators (non-civil service)	29	64.4	29	21.9
Civil Service	42	90.2	42	32.3
Cooperating Professionals	3	3.2	3	2.1
Teaching Assistants	28	82.0	-	-
TOTAL	143	$ 338.1	115	$ 84.1

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UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY GUIDELINES
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The Auditor General requires that certain special data for audits of universities, specified in a memorandum dated July 25, 1983, be presented. The following information lettered (a) through (u), is provided in response to that requirement of the "University Guidelines - 1982 (As Amended 1997)". Our audit was made for the purposes described on pages 3-5 and 49-50 of our financial audit report and pages 10-18 of our compliance examination report, and would not necessarily disclose all situations which might be at variance with the following statements.

COMPLIANCE FINDINGS

(a) We identified violations of University Guidelines for the year ended June 30, 2015 regarding subsidies between accounting entities. See finding 2015-011.

INDIRECT COST REIMBURSEMENTS

(b) Refer to page 65 of this report for the sources and applications of indirect cost reimbursements for the year ended June 30, 2015.

(c) Refer to page 79 of this report for calculation of allowable indirect cost carryforward and required remittances to the Income Fund.

TUITION CHARGES AND FEES

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

AUXILIARY ENTERPRISES, ACTIVITIES AND ACCOUNTING ENTITIES

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

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

Auxiliary Enterprises:
University Facilities System Revenue Bond Fund:
This entity operates the Student Union Building and receives revenues principally from Student Union fees, rental, and user fees, and leased bookstore and food service commissions.

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

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

Activities:

Public Services:
This entity is used for the operations of non-credit continuing education programs, training institutes, seminars and short courses. Revenues are derived from fees charged to participants in its programs, courses, etc. In addition, it provides testing services to various departments and students with its revenues derived from fees charged to its users.

Activities Services:
Service departments provide products or services to University departments. Revenue is produced through charge backs to users.

Revenues and expenditures are offset against each other and reported net in the University's 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 business.

(f) Refer to pages 81-84 of this report for financial statements of each accounting entity.

(g) Refer to page 80 for calculations of current excess funds for each entity.

(h) Auxiliary Enterprises and Activities received no support from appropriated State funds.

(i) A Statement of Revenue, Expenses, and Changes in Net Position for the bond indenture required accounts is presented on page 45 of the financial audit report.

(j) The University Auxiliary Facilities System Revenue Bond Fund accounting conforms to the terms of the bond use.

(k) The University established a Development Reserve in 1992 with the approval of the Board of Governors System to fund the planning costs associated with the construction of the Student Center and Residence Hall. The funding source was generated by an increase to student mandatory fees as approved by student referendum.

UNIVERSITY RELATED ORGANIZATIONS

(l) The University recognizes the Chicago State University Foundation (Foundation) as a University Related Organization. There are no organizations considered by the University to be "Independent Organizations" as defined in Section VII of "University Guidelines – 1982 (As Amended 1997)".

(m) The University did not receive cash payments from the Foundation for services provided. However, the Foundation provided direct support to the University as illustrated on page 85 of this report.

(n) The University provided funds (primarily in the form of services) of approximately $525,085 to the Foundation for the year ended June 30, 2015.

(o) There are no cumulative unreimbursed subsidies from the University or appropriated funds to the Foundation.

(p) There is no debt financing provided by the Foundation.

OTHER TOPICS

(q) Refer to page 61 for the Schedule of Cash, Temporary Cash Investments, and Investments as of June 30, 2015.

(r) Income from the investment of pooled funds is regularly allocated and credited to the original sources of the funds.

(s) Refer to pages 69-71 for student enrollment and cost statistics.

(t) Neither the University nor the Foundation has purchased any real estate during the year ended June 30, 2015.

(u) There are no certificates of participation (COPS) or participation in lease or purchase arrangements involving COPS for the year ended June 30, 2015.

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SCHEDULE OF INDIRECT COST FUNDS TO BE DEPOSITED INTO THE UNIVERSITY INCOME FUND AS REQUIRED BY 1982 UNIVERSITY GUIDELINES (AS AMENDED 1997)

CALCULATION SHEET FOR INDIRECT COST CARRYFORWARD

Current Available Funds		
Cash and cash equivalents		$ 533,244
Allowable Indirect Cost Carryforward		
Indirect cost reimbursements allocated for expenditure for the fiscal year completed ($1,000,570 @ 30%)	$ 300,171	
Unallocated Reimbursements - the lesser of actual unallocated indirect cost reimbursement or 10% of total indirect cost allocations.	-	
Encumbrances and Current Liabilities	69,871	
Total Allowable Indirect Cost Carryforward (Sum of Lines 2, 3 and 4)		370,042
AMOUNT TO BE REMITTED TO THE INCOME FUND		$ 163,202

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SCHEDULE OF EXCESS FUNDS CALCULATION BY ENTITY AS REQUIRED BY 1982 UNIVERSITY GUIDELINES (AS AMENDED 1997)

		AUXILIARY ENTERPRISES				ACTIVITIES				
		Bond Revenue	Parking	Student Health	Total Auxiliary Enterprises	Public Services	Activity Services	Student Activities	Continuing Education	Total Activities
1. Current available funds										
Add:										
Cash and cash equivalents		$ 1,824,768	$ 659,267	$ 285,186	$ 2,769,221	$ 1,052,871	$ 3,640,147	$ (3,186,169)	$ 603,376	$ 2,110,225
Total current available funds	A.	1,824,768	659,267	285,186	2,769,221	1,052,871	3,640,147	(3,186,169)	603,376	2,110,225
2. Working capital allowance										
Add:										
Highest month's expenditures		972,279	162,553	44,087	1,178,919	88,070	903,491	449,798	-	1,441,359
Encumbrances and current liabilities paid in lapse period		276,560	150,919	13,575	441,054	3,483	1,283,536	78,351	3,730	1,369,100
Deferred income / Refundable deposits		27,282	1,762	6,445	35,489	9,487	32,958	28,573	-	71,018
Allowance for sick leave / vacation payouts		64,362	30,945	42,556	137,863	12,291	91,881	23,410	-	127,582
Working capital allowance	B.	1,340,483	346,179	106,663	1,793,325	113,331	2,311,866	580,132	3,730	3,009,059
3. Current excess funds:										
Deduct B from A and enter here	C.	$ 484,285	$ 313,088	$ 178,523	975,896	$ 939,540	$ 1,328,281	$ (3,766,301)	$ 599,646	(898,834)
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.	(1,999,297)	(335,483)	(21,643)	(2,356,423)	(209)	(210,629)	(5,650)	(512)	(217,000)
Enter the algebraic sum of C and D and remit the amount due, if any for deposit in the Income Fund					$ (1,380,527)					$ (1,115,834)

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

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BALANCE SHEETS - ENTITIES

(With Comparative Totals as of June 30, 2014)

	Auxiliary Enterprises			Activities				Total All Entities (Memorandum Only)	
	University Facilities Revenue Bond Fund	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Continuing Education	2015	2014
CURRENT UNRESTRICTED FUND ASSETS:									
Cash and cash equivalents	$ 1,824,768	$ 659,267	$ 285,186	$ 1,052,871	$ 3,640,147	$ -	$ 603,376	$ 8,065,615	$ 8,149,050
Accounts receivable, net	186,885	16,694	140,382	17,225	408,984	113,215	-	883,385	365,398
Prepaid expenses	154,119	-	2,220	-	27,925	15,487	-	199,751	277,309
Inventories	-	-	-	-	20,502	-	-	20,502	31,608
TOTAL ASSETS	$ 2,165,772	$ 675,961	$ 427,788	$ 1,070,096	$ 4,097,558	$ 128,702	$ 603,376	$ 9,169,253	$ 8,823,365
CURRENT UNRESTRICTED FUND LIABILITIES AND FUND BALANCE:									
Bank overdraft	$ -	$ -	$ -	$ -	$ -	$ 3,186,169	$ -	$ 3,186,169	$ 2,895,246
Accounts payable	70,044	80,825	4,673	-	776,396	26,753	3,730	962,421	521,159
Unearned revenue	27,282	1,762	6,445	9,487	32,958	28,573	-	106,507	73,134
Accrued compensated absences	64,362	30,945	42,556	12,291	91,881	23,410	-	265,445	310,895
Fund balances (deficit), unrestricted	2,004,084	562,429	374,114	1,048,318	3,196,323	(3,136,203)	599,646	4,648,711	5,022,931
TOTAL LIABILITIES AND FUND BALANCE	$ 2,165,772	$ 675,961	$ 427,788	$ 1,070,096	$ 4,097,558	$ 128,702	$ 603,376	$ 9,169,253	$ 8,823,365
PLANT FUNDS ASSETS:									
Accounts receivable, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,000
Investment in plant:									
Buildings & Improvements	26,540,918	547,406	-	-	586,105	116,077	-	27,790,506	27,456,482
Furniture and equipment	512,281	530,204	108,214	6,375	6,410,813	171,960	15,585	7,755,432	7,572,238
TOTAL ASSETS	$ 27,053,199	$ 1,077,610	$ 108,214	$ 6,375	$ 6,996,918	$ 288,037	$ 15,585	$ 35,545,938	$ 35,032,720
PLANT FUNDS LIABILITIES AND FUND BALANCE:									
Bank overdraft	$ 1,355,292	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,355,292	$ 1,350,625
Accounts payable	58,285	-	-	-	-	-	-	58,285	62,952
Bond payable	13,180,000	-	-	-	-	-	-	13,180,000	14,300,000
Premium on bonds	190,879	-	-	-	-	-	-	190,879	213,337
Fund balances	12,268,743	1,077,610	108,214	6,375	6,996,918	288,037	15,585	20,761,482	19,105,806
TOTAL LIABILITIES AND FUND BALANCE	$ 27,053,199	$ 1,077,610	$ 108,214	$ 6,375	$ 6,996,918	$ 288,037	$ 15,585	$ 35,545,938	$ 35,032,720

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STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
CURRENT UNRESTRICTED FUNDS

(with comparative totals for the Year Ended June 30, 2014)

	Auxiliary Enterprises			Activities				Total All Entities (Memorandum Only)	
	University Facilities Revenue Bond Fund	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Continuing Education	2015	2014
REVENUES:									
Operating	$ 2,943,205	$ 848,682	$ 44,524	$ 221,111	$ 1,534,544	$ 616,209	$ -	$ 6,208,275	$ 6,155,210
Student fees	1,785,351	-	523,632	12,059	2,371,582	1,814,465	-	6,507,089	6,316,142
Other	-	-	-	17,358	165,847	-	-	183,205	200,352
TOTAL REVENUES	4,728,556	848,682	568,156	250,528	4,071,973	2,430,674	-	12,898,569	12,671,704
EXPENDITURES:									
Cost of sales	-	-	-	-	171,644	-	-	171,644	221,853
Personal services	1,078,455	543,087	375,373	191,933	1,776,035	1,154,992	-	5,119,875	5,577,034
Expended for plant	187,671	16,242	-	-	535,921	8,397	-	748,231	1,105,391
Commodities	67,240	68,718	14,920	1,889	143,692	319,510	-	615,969	876,788
Contractual services	1,780,816	130,234	34,620	22,771	1,092,275	951,297	-	4,012,013	4,237,530
Other (travel, telecommunications)	231,851	82,139	1,852	2,533	239,090	204,840	-	762,305	689,800
TOTAL EXPENDITURES	3,346,033	840,420	426,765	219,126	3,958,657	2,639,036	-	11,430,037	12,708,396
TRANSFERS OUT:									
Transfer out	1,842,752	-	-	-	-	-	-	1,842,752	1,570,545
Total Transfers Out	1,842,752	-	-	-	-	-	-	1,842,752	1,570,545
TOTAL EXPENDITURES AND TRANSFERS OUT	5,188,785	840,420	426,765	219,126	3,958,657	2,639,036	-	13,272,789	14,278,941
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND TRANSFERS OUT	$ (460,229)	$ 8,262	$ 141,391	$ 31,402	$ 113,316	$ (208,362)	$ -	$ (374,220)	$ (1,607,237)

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STATEMENT OF CHANGES IN FUND BALANCES
CURRENT UNRESTRICTED FUNDS

(With Comparative Totals for the Year Ended June 30, 2014)

	Auxiliary Enterprises			Activities				Total All Entities (Memorandum Only)	
	University Facilities Revenue Bond Fund	Parking Facilities	Student Health Services	Public Services	Activities Services	Student Activities	Continuing Education	2015	2014
REVENUES	$ 4,728,556	$ 848,682	$ 568,156	$ 250,528	$ 4,071,973	$ 2,430,674	$ -	$ 12,898,569	$ 12,671,704
EXPENDITURES:									
Educational and general	-	-	-	-	-	-	-	-	14,654
Auxiliary enterprise	3,346,033	840,420	426,765	219,126	3,958,657	2,639,036	-	11,430,037	12,693,742
Total Expenditures	3,346,033	840,420	426,765	219,126	3,958,657	2,639,036	-	11,430,037	12,708,396
TRANSFERS:									
Transfer out	(1,842,752)	-	-	-	-	-	-	(1,842,752)	(1,570,545)
Total Transfers Out	(1,842,752)	-	-	-	-	-	-	(1,842,752)	(1,570,545)
Net Increase (Decrease) in Fund Balance	(460,229)	8,262	141,391	31,402	113,316	(208,362)	-	(374,220)	(1,607,237)
Fund Balance (Deficit), Beginning of Year	2,464,313	554,167	232,723	1,016,916	3,083,007	(2,927,841)	599,646	5,022,931	6,630,168
FUND BALANCE (DEFICIT) END OF YEAR	$ 2,004,084	$ 562,429	$ 374,114	$ 1,048,318	$ 3,196,323	$ (3,136,203)	$ 599,646	$ 4,648,711	$ 5,022,931

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STATEMENT OF CHANGES IN FUND BALANCES
PLANT FUNDS

(With Comparative totals for the Year Ended June 30, 2014)

	Auxiliary Enterprises			Activities				Total All Entities (Memorandum Only)	
	University Facilities Revenue Bond Fund	Parking Facilities	Health Services	Public Services	Activities Services	Student Activities	Continuing Education	2015	2014
REVENUES AND OTHER ADDITIONS:									
Interest Income	$ 6	$ -	$ -	$ -	$ -	$ -	$ -	$ 6	$ -
Expended for plant	187,671	16,242	-	-	535,921	8,397	-	748,231	1,105,391
Retirement of debt	1,120,000	-	-	-	-	-	-	1,120,000	1,070,000
Total Revenues and Other Additions	1,307,677	16,242	-	-	535,921	8,397	-	1,868,237	2,175,391
EXPENDITURES AND OTHER DEDUCTIONS:									
Principal and interest on debt	1,820,302	-	-	-	-	-	-	1,820,302	1,823,923
Property disposals and net transfers	(796,396)	661,676	-	55,186	260,157	54,114	274	235,011	406,519
Total Expenditures and Other Deductions	1,023,906	661,676	-	55,186	260,157	54,114	274	2,055,313	2,230,442
TRANSFERS IN:									
Transfer in	1,842,752	-	-	-	-	-	-	1,842,752	1,570,545
Total Transfers In	1,842,752	-	-	-	-	-	-	1,842,752	1,570,545
Net Increase (Decrease) in Fund Balance	2,126,523	(645,434)	-	(55,186)	275,764	(45,717)	(274)	1,655,676	1,515,494
Fund Balance, Beginning of Year	10,142,220	1,723,044	108,214	61,561	6,721,154	333,754	15,859	19,105,806	17,590,312
FUND BALANCE, END OF YEAR	$ 12,268,743	$ 1,077,610	$ 108,214	$ 6,375	$ 6,996,918	$ 288,037	$ 15,585	$ 20,761,482	$ 19,105,806

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SUMMARY OF FOUNDATION CASH SUPPORT TO THE UNIVERSITY

The Chicago State University Foundation (Foundation) is considered a University-related organization under section VI of the University guidelines. Its contractual relationship to the University is described in Note 12 - "Related Party Transactions" of the University's financial statements. During the current fiscal year, the University provided administrative support services valued at $525,085 to the Foundation. The contract requires the Foundation to provide the University with fund-raising and other services. These services resulted in the Foundation's unrestricted expenditures described below, which qualify as "reimbursements" to the University in the University guidelines computation. Current year Foundation-restricted expenditures, which do not qualify as "reimbursements", are also described below.

Expenditures Considered Unrestricted for Purposes of the Guidelines Computation:	
Totally Unrestricted	$ 291,442
Restricted Only as to College or Department	492,308
Total Funds Considered Unrestricted	783,750
Expenditures Considered Restricted for Purposes of the Guideline Computations:	
Given for Scholarships	687,984
Total Funds Considered Restricted	687,984
TOTAL FUNDS PROVIDED BY THE FOUNDATION TO SUPPORT THE UNIVERSITY	$ 1,471,734